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Service to the Public

Canada Assistance Plan

A Study Team Report
to the Task Force on Program Review

36-02095/

CANADA ASSISTANCE PLAN

A Study Team Report
to the Task Force
on Program Review

June 10, 1985

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Available in Canada through

Authorized Bookstore Agents
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or by mail from

Canadian Government Publishing Centre
Supply and Services Canada
Ottawa, Canada K1A 0S9

Catalogue No. CP32-50/10-1985E Canada: $6.00
ISBN 0-660-11980-3 Other Countries: $7.20

Price subject to change without notice

CONTENTS

FOREWORD i

TERMS OF REFERENCE 1

STUDY TEAM MEMBERS 2

INTRODUCTION 3

BASIS OF REPORT 4

CANADA ASSISTANCE PLAN 5

PROVINCIAL/TERRITORIAL AND NON-GOVERNMENTAL VIEWS 7

- Submissions 7
- Interview Results 8
- General Appreciation 8
- Inter-Agency Relations 8
- Policy Issues 9
- Inter-Agency Coordination 9

POLICY ASSESSMENT 11

OPTIONAL NEXT STEPS 15

CONCLUSION 19

RECORD OF CONSULTATION 21

APPENDICES

1. Method of Review 25
2. What is the Canada Assistance Plan? 41
3. Evolution of the Canada Assistance Plan 57
4. Synopsis of Interview Notes 93
5. Secondary Options for Improvement 101

FOREWORD

The Task Force on Program Review was created in September 1984 with two major objectives - better service to the public and improved management of government programs. Recognizing the desirability of involving the private sector in the work of program review, assistance from national labour, business and professional organizations was sought. The response was immediate and generous. Each of these national organizations selected one of their members to serve in an advisory capacity. These public spirited citizens served without remuneration. Thus was formed the Private Sector Advisory Committee which has been responsible for reviewing and examining all of the work of program review.

The specific program reviews have been carried out by mixed study teams composed of a balance of private sector and public sector specialists, including representatives from provincial and municipal governments. Each study team was responsible for the review of a "family" of programs and it is the reports of these study teams that are published in this series. These study team reports represent consensus, including that of the Private Sector Advisory Committee, but not necessarily unanimity among study team members, or members of the Private Sector Advisory Committee, in all respects.

The review is unique in Canadian history. Never before has there been such broad representation from outside government in such a wide-ranging examination of government programs. The release of the work of the mixed study teams is a public acknowledgement of their extraordinarily valuable contribution to this difficult task.

Study teams reviewed existing evaluations and other available analyses and consulted with many hundreds of people and organizations. The teams split into smaller groups and consulted with interested persons in the private sector. There were also discussions with program recipients, provincial and municipal governments at all levels, from officials to cabinet ministers. Twenty provincial officials including three deputy ministers were members of various study teams.

The observations and options presented in these reports were made by the study teams. Some are subjective. That was necessary and appropriate considering that the review phase of the process was designed to be completed in a little more than a year. Each study team was given three months to carry out its work and to report. The urgent need for better and more responsive government required a fresh analysis of broad scope within a reasonable time frame.

There were several distinct stages in the review process. Terms of reference were drawn up for each study team. Study team leaders and members were appointed with assistance from the Private Sector Advisory Committee and the two Task Force Advisors: Mr. Darcy McKeough and Dr. Peter Meyboom. Mr. McKeough, a business leader and former Ontario cabinet minister, provided private sector liaison while Dr. Meyboom, a senior Treasury Board official, was responsible for liaison with the public sector. The private sector members of the study teams served without remuneration save for a nominal per diem where labour representatives were involved.

After completing their work, the study teams discussed their reports with the Private Sector Advisory Committee. Subsequently, their findings were submitted to the Task Force led by the Deputy Prime Minister, the Honourable Erik Nielsen. The other members are the Honourable Michael Wilson, Minister of Finance, the Honourable John Crosbie, Minister of Justice, and the President of the Treasury Board, the Honourable Robert de Cotret.

The study team reports represent the first orderly step toward cabinet discussion. These reports outline options as seen by the respective study teams and present them in the form of recommendations to the Task Force for consideration. The reports of the study teams do not represent government policy nor are they decisions of the government. The reports provide the basis for discussion of the wide array of programs which exist throughout government. They provide government with a valuable tool in the decision-making process.

Taken together, these volumes illustrate the magnitude and character of the current array of government programs and present options either to change the nature of these programs or to improve their management. Some decisions were announced with the May budget speech, and some subsequently. As the Minister of Finance noted in the May budget speech, the time horizon for implementation of some measures is the end of the decade. Cabinet will judge the pace and extent of such change.

These study team reports are being released in the hope that they will help Canadians understand better the complexity of the issues involved and some of the optional solutions. They are also released with sincere acknowledgement to all of those who have given so generously of their time and talent to make this review possible.

TERMS OF REFERENCE

To provide the Ministerial Task Force on Program Review with an understanding of Canada Assistance Plan, including the intent of the Plan, how it fits into the context of related federal social programs, and the main constraints and sensitivities associated with it.

So far as an examination of this kind and duration can determine, to satisfy the Task Force either that CAP is achieving its intended purposes according to the law or that this cannot safely be presumed.

To acquaint the Task Force with the major perceptions of CAP within the provincial/territorial social services communities. At a minimum, these are to be drawn from key individuals in provincial ministries of social services and finance. However, some perceptions from representative social services agencies are also needed.

In this connection, particular attention will be paid to those perceptions which appear to be prevalent in all or most of the provinces and territories, e.g., those which appear consistent across Canada.

To determine whether any suitable alternative mechanisms have been identified or which are apparent which might achieve the purposes of CAP more effectively.

If feasible, to ascertain the current fiscal implications of CAP for federal and provincial treasuries, including some implications as might be apparent to provincial authorities in their respective areas.

To recommend to the Task Force in the light of findings any additional steps which may be required.

STUDY TEAM MEMBERS

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INTRODUCTION

This review covers the Canada Assistance Plan (CAP). It results from work done during the period March 10 to June 10, 1985. The relevant terms of reference reflect the special nature of this study in comparison to other studies in the overall Task Force Review.

CAP is not a conventional federal government program. It is federal legislation which provides funding to provincial welfare assistance and services programs in which up to half of the costs are borne by the federal government. For purposes of consistency of operation of CAP-funding from province to province, the federal government provides regulations and guidelines.

This review was not designed as a conventional program evaluation, management review or audit. Rather, it was a critical examination of the position and viewpoint regarding CAP of provincial/territorial officials and non-governmental organizations (NGOs) across Canada. This was supplemented by independent research by the project team to formulate its own conclusions.

While different from other Task Force projects, the project on CAP is also similar. Its general purpose is to inform Task Force Ministers about CAP as a federal activity and to bring to light opportunities for improvement.

BASIS OF REPORT

We believe that confidence may be placed in the reliability of the views expressed here as being a faithful reflection of what was told us. As well, our conclusions have been carefully drawn and debated at length by study team members.

As shown in Appendix 1, this study was performed by persons of extensive experience in CAP, with professional qualifications and of senior rank in their respective backgrounds. Further, with the help of provincial/territorial Deputy Ministers, only senior officials or other individuals knowledgeable about CAP were selected for interviews. It should be especially noted that the competence and knowledge of provincial/territorial officials in charge of social services activities appears very high.

More than 250 people were interviewed and it is unlikely that many important sources of information were overlooked. Officials of all provinces and territories in Canada plus several federal departments and numerous non-governmental organizations were interviewed. (See Record of Consultation with Non-Governmental Organizations).

Care was taken to record all views solicited according to a structure reflecting the terms of reference and underlying themes upon which our questions were based. This has allowed the distinction between isolated opinions and those occurring frequently. The latter form the main basis for our conclusions.

Finally, reliance was placed upon available studies. Research was also undertaken of statistics to substantiate or augment certain of our conclusions. (See Attachment B of Appendix 1.)

CANADA ASSISTANCE PLAN (CAP)

Appendix 2 provides a description of what CAP is, explains how it works in relation to other social programs which affect it and shows the main financial implications of this legislation. Appendix 3 describes the history and evolution of CAP, giving its antecedence and an account of federal/provincial dealings with respect to it.

From these appendices, the following are considered to be the main features of CAP:

> It is a funding instrument whereby the federal government provides up to 50% of the cost of assistance and welfare services. To be eligible for this funding, provinces enter into agreements with the federal government which has the effect of bringing some consistency across Canada in these activities. It is a collaborative effort between the two levels of government wherein program delivery responsibility lies with the provinces.
>
> It provides assistance to the most needy in Canada as a last resort when other assistance programs are exhausted or inadequate. At March 31 1984, some 2,000,000 Canadians including family members, benefited from income assistance and some 500,000 received social services all cost-shared under CAP.
>
> CAP expenditures have risen from $ 343 million in 1967-68 to $4.033 billion in 1984-85. In 1985 dollars, $343 million equals $1.194 billion. By 1989-90, it may cost $8.45 billion if the mean rate of increase over the life so far of CAP continues. For the most part, these costs are not within the discretion of governments, but are driven by demand that cannot be legally denied persons in need. Still, some degree of discretion does exist and restraint measures are exercized by the provinces, not the federal government.
>
> Currently, CAP costs are especially sensitive to fluctuations in the incidence of unemployment. Recent caseloads are distinguished from those of the earlier years mainly in the great rise of "employables", (e.g. persons on welfare, not because they cannot work for such reasons as disability, but because they cannot find work). Provincial caseloads now include from 30% to 70% in "employables".

The administration of CAP tends to be contentious as between the federal and provincial governments and as between provincial governments and non-governmental organizations. CAP works best when relationships are not strained. Some degree of strain is probably unavoidable, but despite this, most parties involved support continued association between governments.

It appears to this study team that there is no evidence that illegal or unwarranted payments to individuals are occurring alarmingly. Provinces exert control on overpayments. There is a strong incentive on their part to avoid these.

CAP is a complex program, operating over a vast territory with varying conditions of unemployment, demography and population. Thirteen separate governmental jurisdictions are involved plus thousands of service delivery organizations.

Given that provinces have different conditions and circumstances and that they set assistance rates separately, some funding and operational differences may be observed from one province to another in response mainly to caseload variations and to resource limitations. Despite this, consistency is very evident throughout.

PROVINCIAL/TERRITORIAL/AND NON-GOVERNMENTAL VIEWS

Appendix 4 condenses the notes from field interviews with more than 250 persons. In addition, provinces and NGOs made submissions and sent letters or descriptive material either spontaneously or in response to requests.

From these materials, the flavour of viewpoints on CAP across Canada can be given, although an exhaustive listing of views is impractical.

Submissions

Alberta, Saskatchewan, Prince Edward Island, New Brunswick and Newfoundland prepared submissions showing comprehensively their views on CAP. The 'key' statement from Alberta is that the transfer of taxing authority by the federal government might be preferable to the current method of CAP-funding. Newfoundland favours a differential cost-sharing system instead of the 50/50 current arrangement, (e.g. low-income provinces would receive a higher federal percentage of cost than high-income provinces). Saskatchewan, Prince Edward Island and New Brunswick seek cost-sharing for employment services and job support. New Brunswick also seeks cost-sharing for preventive social services.

British Columbia, Ontario, New Brunswick, Newfoundland Saskatchewan and Prince Edward Island officials also sent descriptive material in response to requests. This shows:

> Experience at the control of over-payments of income assistance, object lessons learned and the need for attention to this aspect of administration (Ontario and British Columbia).
>
> Experience at the reduction of CAP caseloads through a variety of job-creation and related training activity. This, while inconclusive in overall terms of cost-effectiveness, appears to offer much promise. This has influenced the recommendation in this report (Newfoundland, Yukon and Saskatchewan).

A viewpoint from New Brunswick cautions against government funding of job creation that prolongs dependence on unemployment insurance or displaces non-welfare job applicants.

Interview Results

Interview meeting notes have been grouped to report respondants' general appreciation of CAP; viewpoints on inter-agency relations; policy/administrative views; and viewpoints on inter-agency coordination.

General Appreciation

Without exception, interviewees approved of CAP. They believe that CAP has been indispensable to meeting the needs of the impoverished and to developing the infrastructure of social services required. It should not be radically altered. There is, however, an unequivocal criticism of the inflexibility of CAP and related administrative weaknesses.

The general view of the provinces is that the Act is essentially satisfactory. However, the federal interpretation of regulations and guidelines is seen as arbitrary, unjustified frequently and therefore irritating.

Non-governmental organizations (NGOs) have a less precise appreciation of CAP than do administrators in the provinces and territories. They frequently confuse the respective responsibilities of the federal and provincial jurisdictions and some might prefer to deal directly with Canada, by-passing the provinces. But the NGO appreciation is otherwise essentially similar to that of provinces.

Inter-Agency Relations

Over the life of CAP, stresses and strains have been experienced in the day to day operations of this activity as between the province/territory and the federal levels. Likewise, provinces and NGOs have experienced some stress.

Provinces complain of slow responses to their requests for listing or funding; and, more seriously, of favouritism by the federal government in its treatment of some provinces. There is a suspicion that a lack of information on CAP interpretations at the federal level is deliberate to mask such favouritism.

The severity of stresses appears to vary with the coming and going of specific individuals in bureaucratic positions as well as the ebb and flow generally of federal-provincial negotiations and relations on issues other than CAP.

Policy Issues

Many interviewees express reservations about the design of CAP as not adequate to meet current requirements. Briefly, their view is that CAP funding should be liberalized, CAP services de-institutionalized and also privatized.

To liberalize CAP, funding should be extended to job-creation-like activity which is aimed at helping "employables" find work. Such activity is not currently cost-sharable and, it is argued, cost-sharing them would ultimately be cost-effective.

To de-institutionalize is to care for some clientele out of institutions and in homes or otherwise. Modern social services techniques find favour in this but CAP excludes many of these innovative alternative services, (i.e. CAP is seen as counter-productive).

Privatization is to extend CAP funding to the "for profit" day care centers and other welfare services now excluded. Most provinces, not including Manitoba, would favour this at least for the smaller enterprises. (Some object to larger enterprises as being exploiters of the clientele.)

Inter-Agency Coordination

Concerns and confusion were expressed about the respective roles of CAP and Employment and Immigration Canada (EIC). There is a growing tendency for CAP funded social services to replicate or appear to be at cross purposes with the mandate of EIC job training and job creation.

Some provinces and EIC appear to be following similar programs but with different target clienteles and with different techniques. These things create confusion and, perhaps, failure to serve needs in an optimal manner.

It should be emphasized that to report only provincial/territorial/NGO viewpoints is to present an incomplete picture of reality in terms of federal-provincial relations in particular and also of CAP in general. There are legitimate and off-setting viewpoints at Health and Welfare Canada not adequately dealt with here. Federal bureaucrats should not be held at fault for observing the law and strict observance will almost inevitably cause irritations.

POLICY ASSESSMENT

This review found little or no current support for any major alternative to CAP in terms of social policy. However, it should be noted that in the early seventies a social security review was done in which a guaranteed annual income was considered as a replacement for social assistance. Subsequently, block funding for social services was considered. The transfer of taxing authority has been discussed periodically. None of these measures has found acceptance.

This policy assessment of CAP is presented in the light of its stated objectives, not in that of alternative delivery mechanisms. As shown in the preamble to the Canada Assistance Plan Act (1966), those objectives are:

1. "The provision of adequate assistance to and in respect of persons in need"...
2. "... and the prevention and removal of the causes of poverty"...
3 "... and dependance on public assistance".

The first objective was to be achieved by sharing in the cost of assistance with the provinces, the second and third by sharing in the cost of welfare services which would achieve these latter objectives.

The first objective has been achieved as to coverage. In 1966, 1.2 million needy persons (including dependants) were assisted and in 1984, some two million. CAP does support the needy in massive numbers. We are satisfied that the provincial administration of needs tests is such that these people are in fact needy.

It is less clear that this assistance is "adequate". The poverty line as calculated by Statistics Canada, 1984 estimates, is as follows:

Family Size	Range of Monthly Income	Mid-Range	*Monthly Basic Income Ass.
1	$ 606 - 820	$ 713	$385
3	1,062 - 1,448	1,225	655
4	1,227 - 1,668	1,447	760

*Average of four large provinces data re 'typical' amounts. To this must be added the value of other payments, notably Family Allowances, the Refundable Child Tax Credit, medical benefits, etc. Although this increases family incomes, they still are below the poverty level.

To some, these payments are inadequate because they are well below the poverty line. To others, the payments are sufficient to avoid starvation and to provide housing and clothing and as such may be considered "adequate".

In our opinion, these payments reflect the intent of CAP: namely, that every Canadian has the right to assistance as a last resort if no other assistance is available. Unless that law is rescinded, these payments are not individually excessive if they do no more than maintain people below the poverty line. These costs are not collectively excessive as long as they remain affordable to Canada.

In several provinces, assistance rates have not recently been increased despite inflation. Thus, in these cases, the amount of assistance is thought to be decreasing. In some cities, the advent of food banks is seen as an indication that social assistance may not be preventing hunger as much as in earlier years. Overall, CAP expenditures per capita have been increasing in non-constant dollars (from $269 in 1967/68 to $1,780 in 1983/84).

Social services funded by CAP have increased greatly since 1966. Federal funding has enabled or encouraged provinces to support or develop a network of agencies and associated administrative infrastructures. These services, intended to prevent or reduce the causes of poverty, including the administration of income assistance under CAP, cost about 15% of total federal expenditure on CAP. This component is the only area of discretionary spending, apart from freezing or changing assistance rates.

It is unclear whether this has succeeded at the removal or prevention of causes of poverty. Caseloads have risen greatly. Perhaps caseloads might have risen still more in the absence of CAP, but persons in need are more prevalent now than in 1966. The main point is that much of the need is caused by unemployment which social services do not resolve and which was not the focus of CAP in 1966. (Unemployment was running at 3.4% in 1966 and was covered by Unemployment Insurance.)

It seems evident that CAP funding has failed to prevent or remove dependance on public assistance. Indeed, being unemployed and receiving assistance over longer periods may contribute to dependance. Officials gave anything from three to six, and in one case 12 months as the critical period after which dependance sets in to a most discouraging degree. The majority of recipients use income assistance as a temporary measure - the time being partly dependant on the demand for labour.

In the light of additional objectives shown in Appendix 2, CAP has demonstrated much progress at the development of comprehensive general assistance programs across Canada. Access to these programs is now available to all Canadians without residence restrictions. CAP is seen as the most effective example of federal/provincial collaboration.

CAP has, however, not achieved its purposes with respect to Indians although Indians may be served by parallel systems operated by the Department of Indian Affairs and Northern Development. CAP has, with mixed results, developed social services to take advantage of vocational rehabilitation, training and placement measures to secure employment for income recipients.

Finally, an assessment of CAP demands consideration of its affordability. Costs have increased greatly in the last 19 years and will continue to increase. Needs are increasing which by law must be covered. The margin for discretionary spending is small if no action to restrict services or income assistance rates is contemplated. To do so is difficult in this very sensitive area of expenditures.

In the 1985/86 federal estimates, CAP costs are at 3.8% of total federal expenditures. This, together with the poverty line comparisons on the preceding page, leads us to conclude that CAP costs are not excessive considering what CAP is dealing with and accomplishing. We conclude, therefore, that the basic policy of meeting need should not be disturbed at this time. However, the open-ended nature of CAP costs,which reflects that basic policy, is a concern.

The federal government exercises no constraints upon eligible CAP expenditures. Restraint is exercised by provincial governments in relation to their own budgetary priorities. These decisions result in automatic matching of funds by the federal government.

From the standpoint of proper stewardship over federal funds this arrangement raises questions. Will the federal treasury be able to support increasing CAP costs indefinitely? Will CAP costs always receive priority in the federal budget? Should the federal government share in decisions to restrain these costs or continue to leave this to the provinces? If so, when should this change occur?

In summary, CAP is alleviating the effects of poverty in Canada. It is not preventing reliance on assistance and,without modification, there is an increasing danger of long-term dependance upon assistance by employables.

CAP has made much progress at the development of comprehensive general assistance programs across Canada. These are largely effective although they include areas not markedly so, as in the case of Indian and rehabilitation services.

The Study Team does not consider the cost of CAP excessive relative to its purpose, to other programs and in relation to the severity of the circumstances of the needy in Canada. However, this cost could become unaffordable if present economic trends continue, forcing a change in the open-ended character of funding arrangements. It is both socially and economically important that a means to reduce CAP caseloads be found soon.

OPTIONAL NEXT STEPS

Appendix 5 contains a list of optional steps resulting from this review. These deal with a variety of administrative improvements which are not described in the main body of this report. To do so would distract from the one main option which is developed next.

Nobody can underestimate the seriousness of the current economic malaise in Canada. Roughly 10% of the population is classed as needy and is on welfare. Roughly half that number is on welfare because of the lack of employment and this is over and above the number receiving UI support.

People on welfare are stigmatized. People remaining too long on welfare tend to be trapped there. The severity of this malaise varies from province to province but it is prevalent throughout Canada. The costs of this are mounting steadily both in human and in financial terms.

It is beyond the scope of this review to comment upon the causes of the economic malaise in Canada. Suffice to say that CAP is not a cause, it is affected by that malaise. CAP is alleviating the difficulties of those in need but can do virtually nothing to prevent those difficulties. Solutions must be found elsewhere than CAP.

If the cost of CAP becomes intolerable, the federal government might limit its expenditures. To the extent that this causes a failure to meet the needs of those on welfare, the burden would be shifted to provinces or simply ignored. Arbitrary action of this kind could have serious political implications but would be unavoidable at some indeterminate future time.

If CAP costs are intolerable to the provinces, income assistance rates could be cut. This would cause a worsening of the circumstances of the needy and, almost certainly, very sharp reactions.

The one direction appearing to have merit is that of reducing CAP caseloads if this can be accomplished at an acceptable level of cost. This might be possible.

It has been observed that, in a number of provinces, measures have been developed which reduce CAP caseloads. These entail expenditures not shared under CAP but which entail both positive and negative effects upon the federal treasury.

In Newfoundland and Prince Edward Island, "employables" on welfare are put to work at tasks having intrinsic value. The governments fund these efforts. Some portion of these people appear to remain at work with some permanence. Others do not, but qualify for unemployment insurance payments. It is believed that an encouragingly small proportion of these people reappear on welfare rolls and that more scope for these measures exists.

The effect of this is beneficial to the provincial treasuries. CAP expenditures which are borne 50% by the provinces are, in effect, exchanged for UI expenditures not borne by the provinces. Newfoundland reports a drop of 10,000 from CAP caseloads as a result of these measures.

Saskatchewan supplies jobs to "employables" by "topping off" earnings at minimum wage rates paid by private sector employers. For some employables this costs more per job than the provincial share of CAP costs and saves money to the federal treasury. In effect, Saskatchewan provides a financial incentive to both employers and employees to get the caseload down.

Related experiences have occurred both in Canada and the United States. Most appear to suffer from the absence of a rigorous evaluation of both long-term results and costs. Thus, one is left in doubt as to whether benefits are real or illusory; and as to whether these measures are genuinely cost-effective.

Accordingly, the Study Team recommends to the Task Force that the government consider undertaking major demonstration projects jointly with provinces, having three main objectives.

1. To distill the best features of apparently successful job-creation measures in Canada and elsewhere and to apply these measures under controlled conditions in at least two provinces having widely disparate economic circumstances.

2. To measure the costs and benefits of these initiatives so as to yield confidence that such costs and benefits are reliably attributable to the measures applied.

3. To outline, as a result, the policy changes or options available to the federal government and the provinces in terms of CAP, EIC, or otherwise which might be appropriate to reduce CAP caseloads.

This possible project would have a number of implications to be taken into account for purposes of considering its authorization and organization.

1. There are but four general types of interventions which can reduce caseloads of individuals on welfare (e.g., incentives leading persons to take employment; incentives leading employers to provide employment; actions to create jobs; and training in job search and job placement). Given the variety of applications under each of the foregoing types, proper selection among them is a key technical decision.

2. The cost and duration of these demonstration projects cannot be reliably estimated until they are designed. Some one-time costs would not be recovered. However, the cost of incentives applied would to some degree be offset by avoided social assistance costs if the projects are successful. In very general terms, the projects would cost between two and three million dollars collectively, be completed in less than 18 months, and begin yielding results in under one year. As research projects, the costs could be shareable under CAP.

3. The implementation of these projects would involve new incentive provisions that are a departure from existing CAP cost-sharing policies along the lines frequently called for during this review. Thus, it is implicit that such policies would have to be permanently changed or separate mechanisms set up (say under EIC) if the projects succeed.

4. Of necessity, these demonstration projects would be a joint federal/provincial undertaking. This would cut across the jurisdictions of Health and Welfare Canada (HWC), EIC and provincial ministries of social services and of manpower. There would therefore be a hazard of confused accountabilities. Specific measures to avoid this in the assignment of roles and responsibilities

would be critical to the success of the project. The difficulty of this should not be under-estimated and may vary from province to province.

5. Success would lead to new federal-provincial funding arrangements predicated upon agreements as to the acceptable level of expenditures, for both jurisdictions, to effect reductions in the welfare caseloads. Continued spending of incremental sums beyond 'normal' assistance expenditures would be contingent upon reports of results.

The study team recommends to the Task Force that the government consider assigning federal responsibility for these proposed demonstration projects to the Minister of Health and Welfare acting in concert with the Minister for Employment and Immigration. The Minister should be asked to report to Cabinet at regular intervals on progress at completion of these projects and on any subsequent work flowing from them. Early progress reports would explain the project design and arrangements for the participation of all provincial ministries, federal departments and NGOs as appropriate. Some arrangement to preserve contact with this study team would also need to be made.

CONCLUSION

This review of the Canada Assistance Plan shows that CAP is an effective federal/provincial partnership for the alleviation of the effects of poverty throughout Canada. Despite its administrative deficiencies, CAP is considered indispensable to the development and provision of social services to the most disadvantaged Canadians.

Of major concern at this time is the rise of "employables" within CAP caseloads. This is increasing costs, further adding to dependance upon welfare and placing fresh strains upon the administration of CAP. Costs attributable to "employables" may soon become intolerable if historical rates of increase in these costs continue.

Based upon various provincial initiatives observed during this review, there are grounds to believe that concerted joint action by the federal and provincial governments could effect appreciable reductions to CAP caseloads with respect to "employables". Measures to create or provide jobs and to encourage job search and job acceptance by persons on welfare appear to offer promise if coupled with new funding policies. However, conclusive evidence to this effect is not currently available.

The true merit of these initiatives should be ascertained as a matter of priority. This can be done by setting up controlled demonstration projects in various locations. The measurement of the results from these projects would serve to confirm or reject their true value; supply objective insight for purposes of policy formulation; and yield, if successful, better control over the funding of welfare.

RECORD OF CONSULTATION
WITH
NON-GOVERNMENTAL ORGANIZATIONS
CONTACTED

National Capital Region

Assembly of First Nations
Canadian Advisory Council on the Status of Women
Canadian Association of Social Workers
Canadian Chamber of Commerce
Canadian Council on Social Development
Canadian Day Care Advocacy Association
Canadian Hospital Association
Family Service Canada
National Action Committee on the Status of Women
National Anti-Poverty Organization
National Council of Welfare
Vanier Institute of the Family

British Columbia

Association of Neighborhood Houses
B.C. Association of Social Workers
B.C. Borstal Association
B.C. Old Age Pension Organization
Boys and Girls Clubs of Greater Vancouver
Burnaby Unemployment Action Centre
C.N.I.B.
City of Vancouver (Social Planning/Finance)
District of West Vancouver
Downtown Eastside Resident Association
Family Service of Greater Vancouver
Federated Anti-Poverty Groups of B.C.
New Westminster Unemployment Action Center
North Shore Neighborhood House
Solidarity Coalition
SPARC of B.C. (Social Planning and Research Council)
Township of Richmond (Planning)
United Way of the Lower Mainland
Vancouver Food Bank
Voice of the Cerebral Palsy
Y.W.C.A.

Alberta

Alberta Alcoholism and Drug Abuse Commission
Alberta Association for the Mentally Handicapped
Alberta Association of Social Workers
Alberta Committee of Consumer Groups of Disabled Persons
Alberta Conference of the United Church of Canada
Alberta Native Women's Association
Association of Human Services in Alberta
Boyle Street Co-op, Edmonton
Calgary Coalition for Support of Persons on Welfare
Catholic Social Services
City of Calgary (Family and Community Support Services)
City of Edmonton Social Services
Edmonton Gleaners Association (Food Bank)
Edmonton Social Planning Council
Faculty of Social Welfare, U. of A.
Family Service Association
Students Union Day Care

Saskatchewan

Canadian Association for the Mentally Retarded (Sask.Branch)
Ranch Harlow (for children)

Manitoba

Association for Community Living
Canadian Mental Health Association
Canadian Paraplegic Association
Children's Home of Winnipeg
City of Winnipeg Social Services
Doray Enterprises Inc.
Mama Wici Itata
Manitoba Anti-Poverty Organization
Manitoba Child Care Association
Mennonite Central Committee
North West Child & Family Services
St. Amant Centre
Social Planning Council of Winnipeg
Society for Crippled Children and Adults
University of Manitoba (School of Social Services/Dept. of Economics, St. John's College)

Ontario

Hamilton Children's Aid Society
Ontario Association for the Mentally Retarded
Ontario Municipal Social Services Association

Quebec

Alliance Québec
Central Council (for Consumers)
English Speaking Catholic Council
Father Dowd Reception Centre
McGill School of Social Work
Montreal Extended Care Centre
Notre Dame de Grace Senior Citizen Council
Ville Marie Social Service Centre

New Brunswick

C.N.I.B.
Canadian Association for the Mentally Retarded
Canadian Mental Health Association
Canadian Rehabilitation Council for the Disabled
Fédération des citoyens d'âge d'or du N.B.
Foyer le Rameur du nord
Fredericton Anti-Poverty Organization
Human Development Council, Saint John
N.B. Day Care Association
Premier's Council (Disability)
Red Cross
Resource to Single Mothers
Restigouche County Volunteer Action Association
Tel-Aide j'écoute
Transition House
University of New Brunswick

Nova Scotia

Association for Family Life
Association for the Mentally Retarded, N.S. Division
Canadian Mental Health Association, N.S. Division
Children's Aid of Halifax
Citizens Service League
City of Halifax
City of Sydney
Family Services of Eastern N.S.
League for Equal Opportunity
N.S. Senior Citizens Secretariat

Prince Edward Island

CMHA, P.E.I. Division
Catholic Family Services
Centre for the Mentally Handicapped
Family Services

Newfoundland

Advisory Council on the Status of Women
Community Services Research Council
Memorial University, School of Social Work
Newfoundland Association for the Mentally Retarded

Appendix 1

METHOD OF REVIEW

Composition of the Study Team

The study team comprised nine members - three from the private sector, two provincial deputy ministers and four federal public servants. The private sector members are qualified in accounting, social work and political science and have extensive experience in the research, development and operation of all aspects of welfare programs in Canada.

The team leader is the Deputy Comptroller General of Canada. He has extensive experience in management consulting. The two provincial deputy ministers have 20 years prior experience with CAP. The research services were provided by an officer from Health and Welfare Canada with ten years experience in the administration of CAP. The team was assisted by two federal public servants who acted as recording secretaries on the cross-country consultations.

Consultations Throughout Canada

The study team was divided into two groups operating concurrently to enable completion of all visits within stringent deadlines. Interviews were conducted in all provincial and territorial capitals and in Ottawa, Vancouver and Montreal.

The first group held interviews with officials in departments of social services and of finance while the second concentrated upon non-governmental organizations. NGOs were, for the most part, social services agencies proposed by provincial senior officials in social services ministries.

As well, officials in Health and Welfare Canada, Employment and Immigration Canada and the Department of Finance were contacted in Ottawa on multiple occasions. The contact with Health and Welfare was more extensive than with other agencies. Further, a major contribution on the history of the evolution of CAP was made by a senior official in Health and Welfare. (See Appendix 3). Lastly, contact was made with other study teams involved in program review as needed.

The team leader for the project also led the first group's (government) interviews. He participated in the NGO interviews held in Toronto, Ottawa and St. John's, Nfld. Over 100 NGOs were consulted, including national associations. These are listed in the Record of Consultation with non-governmental Organizations.

The reception accorded the study team by the majority of those interviewed was collaborative. By and large, provincial officials were most cooperative in supplying research data and in answering questions. Also, the team was most cordially received.

In general, each visit began in an atmosphere of some evident apprehension, on the part of those visited, as to whether this Task Force project was the harbinger of cuts in federal funding of CAP. For the most part, provinces were apprehensive that our interviews with NGOs would lead to renewed appeals from them upon provincial resources. However, with few exceptions, tensions were noticeably relaxed by the conclusion of each visit and fears with respect to the NGOs did not materialize. In two provinces, tensions were not fully resolved, but most of the information sought was obtained.

Subject Matter Covered

In each interview, discussion was guided by questionnaires. One questionnaire was used for the NGOs, one for the provincial ministries and another for HWC. These questions and the terms of reference along with brief explanatory material were provided all parties in advance.

Questionnaires were tested prior to use in one capital (Toronto). This "trial visit" was most helpful and enabled subsequent interviews to proceed efficiently. All visits were attended by a recording secretary who captured essential comments. Meeting notes were subsequently encoded and stored in word processing equipment for easy access during team discussions and report preparation. Interviewees were encouraged to express views on matters not contained in questionnaires. All material was recorded according to the terms of reference.

These data were supplemented by separate research material gathered and reviewed. Finally, certain provinces and NGOs made submissions in answer to questions or voluntarily to record views.

Team Reviews

All interview material was reviewed by team members for accuracy and then used in discussions in Ottawa.

Attachment A

Questions for Provinces

A. Overview

1. Please give us your general perspective on the Canada Assistance Plan, including such matters as:
   What are the province's expectations of the Canada Assistance Plan?
   Its relevance to the government's main social policy objectives over the past decade;
   Its relevance to the social problems of the 1980s.

B. Original Objectives

1. Is the Plan achieving its intended purposes especially as regards:
   Client coverage.
   Extent and scope of funding.
   Administrative simplicity.

2. Should these purposes be modified:
   To allow services now in existence, but not cost-shared, to be covered?
   Which ones?
   - What did they each cost for fiscal 1984-85 (estimate)?
   - What will each of these services cost for the next five years?

   To allow services you are not now providing to be set up?
   - Which ones?
   - Estimated annual costs of each?
   - Social benefits of each?
   - Clientele and eligibility criteria for each?

C. General Evaluation of CAP

The CAP system can be said to have four components. Please indicate your degree of satisfaction or dissatisfaction with each and indicate any changes you would make in each of these:

Statute
Regulations
Policy/Guidelines
Administration

D. Impact of CAP

Could you please identify the broad impact CAP has had since its inception on;

The design of your social service programs.
Eligibility provisions.
The range of services available, including major new services introduced.
The degree of coverage of those "in need", in 1966 and today.
Staff qualifications and levels.
Assistance rates.
Geographic availability of services.
Changes in program standards.

E. Caseload Trends

What have been the major trends and significant changes in caseload composition and numbers since CAP was introduced?

F. Employment Services

How large a problem are employables?
Could you briefly outline what services you offer to assist in moving employables into the labour force.
How effective are these?
Are there other means you would like to take which are not now shareable under CAP. If so, please describe them. Have you applied for cost-sharing on these?
Can the cooperation between your social assistance program and Canada Manpower be improved? How?

G. Costs

1. Could you give us a five-year forecast of your expenditures on cost-sharable items, using if possible these categories:
    - General assistance payments, including items of special need.
    - Home - for special care
        - adults
        - children.
    - Health care.
    - Child maintenance.
    - Welfare services, broken down as to child welfare, administration, etc.
    - Work activity projects.
    - Non-cash benefits to social assistance recipients.

If it is not possible to use the above categories, please give a brief description of the ones you prefer to use.

H. Client Rights/Abuse

1. What is your view on the issues of client abuse/rights:

    How large is your overpayment problem? Can you estimate the annual cost for the most recent year on which figures are available?

    Ineligible recipients. Can you estimate the number of such recipients for the most recent year on which you have figures? Could you break these down as to category e.g., mother's allowance, employable, etc.? What is their annual cost?

    Prosecutions. Are you receiving adequate support from provincial legal authorities? How many a) prosecutions and b) convictions have there been in 1984/85 for abuse of social assistance?

    The appeals process. Is it working properly? What is the number of appeals filed for each of the years 1980-81, 1981-82, 1982-83? What percentage were upheld?

I. Modifications to CAP

1. Could CAP funding be redirected from existing services to others to better achieve your policy objectives?
    a. What services would you add or modify?
    b. What services would you drop or modify?
    c. What would the effect of a. and b. be on caseload?
    d. What is the net cost implication?
    e. What would be the effect on labour supply by your employables?
2. Would you replace CAP with some other arrangement? If so, what?

J. Federal/Provincial Collaboration

Is the process of federal-provincial collaboration on CAP satisfactory? If not, how can it be improved?

K. Information

Is the information exchanged on CAP satisfactory?

If not, what is missing?

What kinds of information from Health and Welfare Canada and other provinces could help you to do a better job?

Note If you have studies, data or relevant briefs which would help us to understand your position and experience on the above items, copies of these would be appreciated.

Questions for Finance Departments

1. Could you tell us your perspective on the rate of increase in CAP-sharable social service expenditures over the past five years?
2. What steps, if any, have been taken to restrain the rate of increase?
3. Do you plan additional measures for coming years?
4. Do you have any analysis of the rate/causes of increases you could share with us?
5. Do you have forecasts of the likely rate of increases over the next five years?
6. Is the rate acceptable to the province?
7. Do you feel that any changes to CAP are necesary in order to a) restrain b) publicly justify the rate of growth in social service costs?

Consultation Themes/Questions	Social Services Agencies
The Ministerial Task Force on Program Review	Purpose, intent, goals, study teams, priority areas
Scope/complexity of CAP services	Is the "CAP system" in a "steady state"? What change? Growth? Caseload demands? Cost constraints and options? Abuse? Rights of citizens? The continuum? Provincial, municipal, private services?
Impact and effectiveness of CAP	Impact on agency and client groups? Changing needs? Design, research developments? Noticeable impact since 1966 on beneficiaries? Alternatives to present CAP model?
Administration of CAP	Various provincial, municipal, territorial models? Public-Private relationship? Relatively effective as an instrument? Policy processes, regulations, central-provincial administrative relations? Information flow?
CAP and work employment programs	Impact of unemployment on CAP programs? CAP and EIC programs? the "employable" recipient of benefits? Options and alternatives?
Budget, policy and program procedures	Actual and emerging provincial, municipal and territorial management models for the administration of CAP? Participation in policy and program development processes? Innovation and response to change? How can CAP management be improved? What are strengths?

Emerging issues/themes	What are the issues/themes? What recommendations can be made? What alternatives?

Questions for Health and Welfare Canada

Policy Issues

1. What are the major objectives of the Canada Assistance Plan?
2. How well are each of these being achieved?
3. Should any of these objectives be changed? New ones added?
4. In broad outline, what have been the major positive consequences of CAP? The negative ones?
5. Can reallocation of CAP resources to other types of benefits achieve greater impact on the present target population?
6. Are there more effective means for the federal government to achieve CAP's social policy objectives?
7. Are provincial legislation and practice consistent with CAP requirements? A brief summary of the situation in each province would be appreciated.
8. What is the Department's attitude toward the provincial position that greater flexibility in the use of CAP funds would improve effectiveness, e.g. the cost-sharing of services delivered through the public school system.
9. What is the Department's attitude on the argument that provinces be allowed to retain some portion of federal dollars when their actions produce a "savings", e.g. lower expenditures than would otherwise have been the case.
10. Please outline recent developments and planned initiatives for improving links with EIC.
11. What is your attitude on the greater use of CAP funds to pay for provincial employment services for employable assistance recipients?
12. What is the Department's position on changes to CAP to permit greater use of for-profit service delivery agencies?
13. What more, if anything, could be done to simplify and speed up:
    a. the listings procedure (Schedules, A,B,C)
    b. the finalization of claims?
14. Would you favour a change to the means of cost-sharing services to:
    block funding;
    separate legislation on mature services, e.g. Manitoba model day care act;
    per capita or other grant formulas?

15. Should the federal government have more influence on provincial program design, delivery and effectiveness?
16. Is there a case to be made for:
    - minimum national assistance rates;
    - national service standards in key areas such as child welfare?
17. What would you do with Part II of CAP?
18. Why has Part III not been used more? What you do about this?
19. Is there a better way of keeping a) the interconnection of other income maintenance programs and b) their impact on CAP visible to the policy makers?

Data Requests

1. What impact do the following federal income maintenance programs have on demand for and utilization of CAP - funded social assistance programs:
    - Family Allowances;
    - Child tax credit;
    - OAS/GIS;
    - C.P.O.; and
    - U.I.
2. What has been CAP's impact on:
    - the design of provincial assistance and social services programs;
    - the rate which new programs have been introduced, e.g. day care;
    - service delivery staffing levels and qualifications;
    - social assistance rates;
    - changes in availability of service to eligible populations;
    - service standards;
    - the adequacy of social assistance rates?
3. What have been the major national trends in caseload composition since 1966?
4. What informatino do you have on the issues of client abuse/rights:
    - How large is the overpayment problem? Can you estimate the annual cost for the most recent year on which figures are available?
    - Ineligible recipients. Can you estimate the number of such recipients for the most recent year on which you have figures? could you break these down as to category, e.g., mother's allowance, employable, etc? What is their annual cost?

Prosecutions. Do your receive reports from provincial authorities on these? How many a) prosecutions and b) convictions have there been in 1983/84 for abuse of social assistance?
The appeals process. Is it working properly? What is the number of appeals filed for each of the years 1980-81, 1981-82, 1982-83? What percentage were upheld?

5. Treating the provincial cost-sharing requests for dollars already spent as 100, what percentage has CAP in fact covered for the three most years for which figures are available?
6. What is the extent of provincial delivery of cost-shareable supplementation of low income earnings for the most recent available year?
7. What is the rate of delisting of homes for special care and agencies?

Attachment B

Research Material Used

CAP Act, Regulations, Agreements, Notes and Guidelines

CAP Annual Reports, 1966-67 to 1982-83

1985-86 Main Estimates (Part III) - Health and Welfare Canada

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The Income Security System in Canada: Report for the Interprovincial Conference of Ministers Responsible for Social Services. September 1980.

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An Overview of Selected Government Initiatives Affecting Unemployment Employables. Health and Welfare Canada. July 1984. (Internal Reference Document).

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Bella, Leslie. "The Canada Asssitance Plan." The Social Worker. Vol. 45. Summer 1977.

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M. Mendelson. The Administrative Cost of Income Security Programs: Ontario and Canada. Ontario Economic Council. 1979.

Attachment C

Submissions

British Columbia	Deputy Minister of Human Resources
Alberta	Minister of Social Services and Community Health
Saskatchewan	Deputy Minister of Social Services
Ontario	Assistant Deputy Minister (Policy and Program Development) Ministry of Community and Social Services
New Brunswick	Deputy Minister of Social Services
	Executive Director (Taxation and Fiscal Policy) Department of Finance
Prince Edward Island	Director of Management Services Department of Health and Social Services
Newfoundland	Minister of Social Services
	Deputy Minister of Public Works and Services
National Capital Region	Canadian Advisory Council on the Status of Women
	Canadian Hospital Association
	Family Service Canada
	Vanier Institute of the Family
	McGill School of Social Work
	Canadian Child Welfare Coalition

Appendix 2

WHAT IS THE CANADA ASSISTANCE PLAN?

Introduction

The Canada Assistance Plan (CAP) is the name of a federal statute enacted in 1966. This Act authorizes the government of Canada to reimburse provincial governments for up to 50% fo approved expenditures. These are mainly for:

> Social assistance payments to individuals or families for food, shelter and clothing. These account for more than three-quarters of CAP payments to provinces.
>
> A broad range of social services, such as child welfare and day care, institutions for the disabled, mentally ill and retarded, and counselling.

The Act also authorizes the federal sharing of provincial administrative costs to deliver the above services.

It may be helpful to distinguish the CAP Act, which is a federal statute administered by Health and Welfare Canada, from:

1. the provincial and private agency program delivery systems which CAP helps to pay for; and
2. the services actually provided by these delivery agencies.

In common usage, all three are lumped together as "CAP". This practice is followed in this report unless otherwise stipulated.

CAP replaced earlier programs under which the federal government shared in provincial expenditures. CAP also significantly expanded coverage to new areas. Cost-sharing of social services predates CAP by many years. The need for this cost-sharing has constitutional roots. Under Section 92 of the Constitution Act, 1867, provinces are responsible for what is known as the social policy function. However, the federal government has the broader capacity to raise revenue through direct taxation. So a partnership in which provinces deliver services and the federal government shares the costs has evolved. This has been explained more fully in Appendix 3.

Original Objectives of CAP

The first public mention of the Canada Assistance Plan was in the 1965 Speech from the Throne. It was one of five elements in a program to abolish poverty in Canada. It was also intended to give the provinces an incentive to integrate diverse programs into a single comprehensive system for social assistance. The result was seen as the most basic of anti-poverty programs.

A. Preliminary Objectives

A comprehensive statement of federal objectives for CAP is found in a 1969 report from the then-Deputy Minister of National Welfare. The two main objectives were:

> To support the provision of adequate amounts of assistance to persons in need.
>
> To encourage the development and extension of welfare services (protective, preventive, rehabilitative and developmental) to help prevent and remove the causes of poverty and dependence.

So the first purpose was to alleviate poverty, and the second was to prevent both its causes and economic dependence.

B. Secondary Objectives

A series of secondary objectives had to do with improving the means to achieve the primary objectives:

> To encourage the development of integrated, comprehensive, general assistance programs so that one program could meet the varying requirements of different groups of people.
>
> To ensure access to assistance without provincial residence requirements.

> To provide a framework for federal-provincial collaboration in developing more effective assistance and welfare programs across Canada.
>
> To encourage the extension of provincial assistance and motivate assistance recipients to take advantage of vocational rehabilitation, training and placement services designed to get them into employment.

These objectives are still shared by all governments today.

Who Benefits from CAP?

The Canada Assistance Plan provides cost-sharing of social assistance for any resident of Canada whose basic needs, (i.e. food, clothing, shelter and household supplies), cost more money than the person has or can obtain. Under CAP, the cost of filling the gap between the amount of money the person has and the cost of basic needs is shared, to provincially-established maximums.

If the person's income and assets are less than the cost of the basic requirements of life, the person is said to be "in need". It is this condition of being "in need" which creates the eligibility for income assistance.

Both this test and a second, broader test of "likelihood of need", are used to determine eligibility for social or welfare services. Under this second test, "persons who are likely to become in need" if such services are not provided also become eligible.

It is up to the provinces to devise and apply the details of the two tests to identify who is eligible. Health and Welfare Canada provides guidelines. The needs test must, however, take into account the person's budgetary requirements and the income and assets available.

This inadequacy of income and resources in relation to need can result from any cause acceptable to the provinces. Such causes include physical or mental disability, unemployment and being below the age of majority.

Access to assistance is a legal right for all those "in need". Any person meeting this test of need must be granted assistance, in the amount stipulated by provincial law.

Thus, neither the federal government nor the provinces have great discretion over the granting of assistance. The number of those in need is also largely beyond provincial control.

The Basic Mechanism of CAP

Federal-provincial agreements authorize cost-sharing of service delivery, which is followed by settlement of provincial claims. These three key elements are described below.

A. Federal-Provincial Agreements

Each province wishing to receive cost-sharing enters into a formal agreement with the federal government. Terms of these agreements are stipulated by the CAP Act and are common to all agreements. Under these, each province by legislation agrees to:

Provide financial aid to or for any person who is "in need".

Take into account the applicant's budgetary needs and income and resources, when calculating eligibility and payments.

Require no period of residency in the provinces.

Operate an appeals system by which applicants can contest the decisions of those administering provincial programs, either as to entry or level of service provided.

Provide data on the administration and operation of the provincial system.

Each province and territory has entered into such a written agreement with the federal government. Either side can cancel this agreement with a one-year notice.

Each province must have its own laws and regulations which determine the legal authority and scope of the social assistance programs for which it receives cost-sharing. These statutes are written to conform to the requirements identified in the agreements. These statutes are reviewed by CAP administrators and, once found to be acceptable, are "listed" in a scheduled to the CAP Agreement. There are approximately 1,500 provincial acts and regulations so listed.

Some social service programs, such as child welfare, are also founded on provincial legislation. For many of these, eligibility is a statutory right; that is, the province must provide the service to those who qualify.

In many other service areas, however, there is no statutory right to service. Delivery is discretionary.

B. Service Delivery

Social service administration is the responsibility of the provinces and territories. Actual service delivery is done by provincial civil servants, the staff of municipalities and private agencies. The latter, by and large, have no role in long-term social assistance delivery. Canada has no direct part in delivery operations.

Canada does, however, shape program design choices by legislation and guidelines. The latter, in particular, specify both who is eligible for particular services and in some cases how this is to be determined. The Act and regulations exclude certain activities from cost-sharing: educational, correctional and recreational services. As well, the Act precludes CAP sharing in costs which other federal programs are required to cover, (e.g. Established Programs Financing (EPF) for health care services).

Cost-shared services may in fact be delivered by provinces, municipal governments or private agencies. Three provinces make heavy use of municipal governments (Ontario, Nova Scotia and Manitoba), while in some others municipal governments have a limited role. Private agencies provide some degree of service delivery in all provinces.

C. Cost Recovery

Provinces receive partial CAP payments in advance of their actual expenditures by the various delivery agencies. These advances are based on expenditure estimates which the provinces make. Reconciliation with actual expenditures subsequently takes place.

Social assistance delivered directly by provincial governments is eligible for payment recovery from the federal government by going through a "listing" or approval process described above. The eligibility of non-provincial delivery agencies nominated by the provinces is also reviewed by federal CAP officials. If found to be acceptable, they are then "listed" in another schedule to CAP. Once listed, costs incurred by these agencies can also be shared. Costs may be shared retroactively to a date prior to the approval or "listing" by CAP.

The bulk of the money due provinces is paid monthly. The final settlement of annual claims is running 7-8 years behind. Part of the delay has to do with identifying services which, from 1977 onward, are to be covered by EPF and not by CAP.

There is some evidence that, as provincial revenues have come under pressure, greater efforts are being made by provinces to recover more dollars from CAP.

The most recent figures from Health and Welfare Canada indicate that for 1982-83, CAP payments to the provinces were 38.5% of total provincial social service expenditures. For individual provinces, this figure ranged from a low of 36.6% for Ontario to a high of 43.9% for New Brunswick.

Caseload Trends

In 1966, CAP began assuming the caseload of the existing categorical programs described in Appendix 3. Generally speaking, the physically disabled and mothers allowance cases made up the majority of applicants in those early years. Employables were only 10-15% of the caseload.

During the 1970s, the number of mothers' allowance cases grew rapidly as the number of single-parent families increased in Canada. By the end of the decade they were the dominant group on assistance. Since then, they have declined slightly as a percentage of total cases.

The decline in the proportion of the caseload accounted for by single parents can be seen in the following table:

Single Parents on Assistance

	March 1981 (000)	**March 1982** (000)	**March 1983** (000)
Estimated number of cases headed by a single parent	211	216	243
Percentage of total basic assistance caseload**	29	28	25

Note: The categories of employables and single parents are not mutually exclusive.

Source: Health and Welfare Canada.

As of March 1983, 56% of the assistance cases in Canada were single persons, 25% were single parents, 13% were couples with dependents and 6% were couples without dependents. Some 37% were under 30 years of age, 39% were 31-50 and 24% over 61.

Under CAP, social assistance can legally be paid by provinces to persons who are working but still "in need" - usually because of low earnings and either large family size or special disability problems. However, this legal authority to make supplementation payments to the "working poor" has not been fully realized by provinces. Between March 1981 and March 1984, when the number of employables on the caseload reached an historic high, only 4.5% of the total caseload fell into this category.

The failure of the system to help the working poor was one of the reasons for initiating a major review of CAP in the mid-1970s.

By 1979-80, another major change began to occur. This was the steady increase in the number of employable persons on assistance. The number rose from an estimated 10-12% in 1979, to approximately 50% today. The increase in the number of employable cases and their percentage of total cases are indicated in the following table:

Employable Segment of the Caseload

	March 1981 (000)	**March 1982 (000)**	**March 1983 (000)**	**March 1984 (000)**
Estimated number of cases deemed empoyable*	265	306	451	481
Percentage of total basic assistance caseload**	36	39	47	48

* Definitions vary between provinces.

** Several CAP shareable programs have been excluded from totals used, as they are considered "supplementary" programs.

Source: Health and Welfare Canada

The latest figure available from Health and Welfare Canada is for December 1984. It indicates the number of employable cases has declined slightly to 472,000.

The increase of employables has had major consequences:

The CAP system was not designed for these people, and the services available to help them return to the labour force are generally regarded as inadequate.

Because of the increase of employables, the cost of assistance has grown dramatically.

The effect of labour market demand on social assistance has become a matter of major policy interest.

As well, the work incentive effect of the treatment of earned income when calculating benefits has become a major policy and program design issue.

Employment Services

Only two employment support services are explicitly mentioned by the CAP Act:

Work activity projects.
In these, provinces recruit employable people who need to acquire skills suited to the demands of the work place. People work at specific activities such as house repair. They acquire "work experience" and also receive counselling or treatment for behavioural problems. Persons can remain on a project for 2-3 years.

Items necessary for carrying on a trade or other employment. These include tools or special clothing. Other welfare services such as rehabilitation, counselling and child day care may also be provided.

In fact, provinces are using a growing variety of means to encourage and assist employables to return to work. But because of the limited reference in the CAP Act to such means, a substantial number are not cost-shared.

Another major trend is a significant growth in the demand for social services by persons who are not "in need". Child day care is the most significant example.

This trend creates pressure to make social services universal rather than categorically available. Pressure on provinces and the federal government to broaden CAP's coverage is evident.

Provinces are providing some services more generously than CAP policy permits for cost-sharing.

How the Canada Assistance Plan Fits into the National Income Support System

The government of Canada has a wide range of income support programs for its people:

for the elderly, there is Old Age Security and the Guaranteed Income Supplement if they have little additional income;

for the elderly who have worked, there are Canada Pension Plan retirement benefits;

for the children, there are Family Allowances and the Child Tax Credit;

for the disabled who have worked before becoming disabled, there are Canada Pension Plan disability benefits;

for survivors of people who have worked, there are the Canada Pension Plan survivors' benefits;

for war veterans and their families, there are allowances and pensions;

for people generally who have worked and lost their jobs, there are Unemployment Insurance benefits.

However, large numbers of Canadians, for one reason or another, are unable to participate in the above-noted program or need more support than these programs can offer.

The Canada Assistance Plan is intended to make possible the provision of income support for every Canadian who needs it because of ineligibility for the above programs or their inadequacies. In that sense, the Canada Assistance Plan is a program of last resort.

The responsibility for serving this residual group, and the extent to which this is done, rests with the provincial governments. The actual extent of assistance depends on the financial ability of the individual provinces.

A. Social Assistance Demand is Influenced by Other Programs

One of CAP's principles is that applicants must take full advantage of all other sources of income available to them, before their a) eligibility for social assistance and b) actual monthly payment can be determined. Only if other sources of income are taken full advantage of, and their sum is still insufficient to meet need, is the person eligible for social assistance. Further, social assistance payments are calculated to fill in the gap between the sum of other income and the rate of assistance established in provincial legislation.

This is the mechanism by which CAP-funded social assistance becomes the national "safety net" or program of last resort.

One major consequence of this close relationship between social assistance and other income support programs is that both utilization of social assistance and case costs are greatly influenced by changes in the entry requirements and level of payments made by these other programs. Many of these programs are federal.

In some cases, such as federal Old Age Security and the Guaranteed Income Supplement, the payment is so high as to make most recipients ineligible for provincial social assistance. This is also true of Spouses Allowance and Unemployment Insurance and, in some cases, of Canada Pension Plan payments. This class of programs in effect replaces social assistance.

There is an interface between these programs and social assistance. Social assistance is often used to meet basic living expenses during the waiting period while eligibility for these other programs is being established. Provinces may find it difficult to recover their share of this expenditure. As the entry requirements of these other programs are loosened or tightened, CAP costs and caseloads also fluctuate. The best example of this is Unemployment Insurance. In this way, the government of Canada affects its own CAP expenditures.

There is a second set of programs whose payments generally do not exceed social assistance maximums. In these instances, persons can and often do receive simultaneous payments from both programs. Examples include the refundable Child Tax Credit, Family Allowances, and provincial income supplements such as Saskatchewan's "Family Income Plan".

To illustrate this point, a major extension of Unemployment Insurance benefits and coverage in June 1971 resulted in a decline in the number of employable persons receving social assistance. In March 1971, the year of the change, some 1,460,064 persons received social assistance. The figure fell in each of the next three years, reaching a low of 1,208,628 in March 1974. This incidentally, was the lowest number of assistance recipients for any one year since the first full year of operation of CAP in 1968.

Conversely, while the evidence is less clear-cut, it may also be supposed that recent restrictions on UI availability have contributed to the growth of employables on CAP since 1981.

Betwen 1968-69 and 1984-85, CAP expenditures on social assistance year over year have increased an average of 15.47%. But in the 1971-72 and 1972-73 years of maximum influence by the liberalization of UI, annual cost increases averaged only 4.7%.

The number of UI "exhaustees" (who, because they have used up their Unemployment Insurance benefits then go on to assistance), illustrates the degree to which demand for the safety net is dependent upon the extent of coverage by prior programs.

There is a third "set" of programs that provide benefits to many social assistance and welfare services recipients. These are programs which do not provide direct cash payments, such as CMHC and provincial housing programs, legal aid, transportation subsidies, etc. The effect of these is generally to make some good or service available free or at a subsidized rate. Typically, the benefits of these programs are ignored when calculating individual resources and needs.

B. Financial Overlap

In the case of Family Allowances and the Child Tax Credit, it is federal policy that these payments should not be counted as income when determining social assistance payments. Most provinces conform to this policy. The effect is to increase CAP expenditures by 50% of the total value of the payments made by these two programs to assistance recipients; in those provinces which "pass on " the payments, (i.e., do not reduce assistance by an equivalent amount). This is the major CAP program financial overlap with other federal income support programs.

In the mid 1970s, the government of Canada made an attempt to have all provinces treat Family Allowance as income; but since that time it has taken the opposite view. If the government required that these payments be treated as income, provinces could respond by setting future rates so as to negate the effect of this policy. This could reduce but not negate the effect of federal savings.

C. Administrative Complexities

In general, it is social assistance benefits which are reduced by taking into account payments from other programs rather than the other way around.

This creates a serious administrative burden at the provincial level. Social assistance must continually verify whether applicants have income from other programs. Managers of provincial assistance are also required to spend a great deal of time reacting to changes in other programs, mainly federal. The greater the number of programs making simultaneous payments to a single family, the greater the probability of overcompensation and failure to report this income. This is often referred to as the problem of "stacking" of benefits from a variety of uncoordinated sources.

Furthermore, the number and scope of other programs which can influence both the number of people eligible for CAP and the size of the payments to them, have grown significantly since 1966. This has greatly expanded the possibility that the impact on social assistance of changes in other programs will a) remain unclear, b) be extensive and c) create overpayments.

To summarize, the fact that social assistance is the social safety net catching those who do not qualify for or get insufficient benefits from other, mainly federal, programs results in:

fluctuations up and down in the number of persons eligible for, and amount of benefits paid to, persons on social assistance;

some overpayments and underpayments because of poor coordination between programs;

complexity in the administration of social assistance which must take other payments and program rule changes into account;

intergovernmental initiatives which produce rule changes affecting social assistance sometimes being made without adequate consultations;

confusion in the mind of the public in general, and assistance recipients in particular, about who provides what benefits and how these relate to each other.

In summary, CAP cost-shares a set of provincial programs, the demand for which is in direct response to a) changes in the performance of the nation's economy, and to b) changes in the adequacy and accessability of national income support programs.

Financial Implications

We have calculated the historic trends (1967 to latest available date) for three figures:

The unadjusted mean rate of annual increase in total federal CAP payments to provinces: the mean annual increase for the years 1967-68 to 1984-85 was 15.94%. The annual increase in the social assistance payments for the years 1968-69 to 1984-85 was 15.47%. The range was from 33.01% between 1969-70 and 1970-71 to -4.7% between 1976-77 and 1977-78. As can be seen, the largest percentage increases were in the early years of CAP.

The overall pattern is of three relatively smooth peaks of total CAP expenditure increases: 1969-70 to 1970-71; 1974-75 to 1975-76; and 1981-82 to 1982-83. Low points were reached in 1971-72 to 1972-73, as noted, because of UI changes; and 1976-77 to 1977-78 after EPF. The rate of increase since 1982-83 has been declining.

Social service costs, while a small proportion of total CAP costs, have increased faster than assistance costs. In 1968-69, welfare services were 5.75% of payments to provinces. In 1984-85, they had risen to 13.39% of these payments. The year over year increase from 1968-69 to 1984-85 has averaged 22.54%. The largest increase was between 1974-75 and 1975-76: 51.02%. The smallest increase was between 1982-83 and 1983-84: 6.65%;

The per capita (all recipients) annual federal expenditures: these are derived by dividing the annual payments to provinces by the number of cases and beneficiaries for any given year. Annual per capita expenditures in total were $268 in 1968 and $1,779 in 1984. The mean rate of annual increase was 12.80%. The range was from 28.80% in 1971 to -2.16% in 1978;

The annual per capita and per case expenditure for social assistance: the annual per case expenditures on social assistance were $743.70 in 1970-71, the first year for which case figures were available, and $3,043.80 in 1983-84. In this period, the number of assistance cases rose from 749,000 to 1,028,000, an increase of 37.2%. The annual per capita federal expenditures on social assistance beneficiaries went from $293.91 in 1969 to $1,885.63 in 1985. Over that time, the number of beneficiaries at March 31 in each year rose from 1,258,209 to 1,850,900, an increase of 47.10%.

Given an estimated 481,000 cases of employables and an average per case social assistance expenditure of $2,588 ($3,043.80 - 15% to adjust for short-term rates), indicates a federal cost of approximately $1.245 billion for employables in 1984-85. This is about 31% of total federal payments to provinces that year. Federal expenditures on employables between 1980-81 and 1984-85 would total more than $4 billion.

Federal CAP expenditure exceeded $1 billion for the first time in 1974-75. It took six years to reach $2 billion, in 1980-81. It reached $3 billion in two more years, 1982-83; and took two more to reach $4 billion, in 1984-85.

Appendix 3

EVOLUTION OF THE CANADA ASSISTANCE PLAN (CAP)

by John E. Osborne (1)

Antecedents of CAP

Caring for the poor in Canada has traditionally been the responsibility of either the church or the community. In Québec the church until about 30 years ago was considered to be responsible for social welfare, whereas in the Maritimes, the application of the Elizabethan Poor Law gave the responsibility to the local authorities. Upper Canada rejected the Poor Law approach and instead relied upon voluntary agencies like Children's Aid Societies, fraternal orders, and hospital boards to care for the poor, the sick and the helpless. As collective self-help was essential to survival in sparsely settled pioneer communities, the Western provinces relied on public programs run by municipalities for health care and aid to the poor. Mothers' allowance programs in Manitoba and British Columbia towards the end of the First World War were the first provincial measures to aid the poor.

The federal government did not recognize that it had any responsibility towards the poor until 1927 when the Old Age Pension Act was passed providing for a 50 per cent federal contribution to provincial plans offering pensions to residents over 70 with limited means. This set the pattern for later shared-cost programs through which the federal government strove to achieve national objectives in fields under provincial jurisdiction. During the Great Depression of the 1930s local communities and even some provinces found they could no longer cope with the cost of relief needed in the hardest hit communities. Voluntary aid from more fortunate areas was not enough to fill the gap, and so in each year from 1930 to 1939 a federal Relief Act or Unemployment Relief Assistance Act was passed to allow the federal government to make payments to provinces to help them provide relief for the unemployed. The Rowell-Sirois Commission later concluded that such conditional grant programs were the cause of much federal- provincial disharmony because of their administrative headaches. It recommended the establishment of a federal Unemployment

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(1) Special Adviser on Policy Development, National Health and Welfare.

Insurance Act which was introduced in 1940 after a constitutional amendment which avoided the jurisdictional pitfalls of the Employment and Social Insurance Act of 1935, later found "ultra vires".

Between 1935 and 1950 five provinces introduced health care programs for their welfare recipients, and the federal government introduced Unemployment Insurance and Family Allowances. Leonard Marsh's "Report on Social Security for Canada" and Dr. Heagerty's "Health Insurance Report" were both released on 16 March 1943. The former provided a blueprint for a Canadian social security system and the latter for a health insurance system. The Whitton Report and the Cassidy Report, also published in 1943, both put greater emphasis on the need to build up a public assistance system (as Australia has done), than on social insurance. In 1945 the federal government in its Green Book proposals to the Conference on Reconstruction offered, conditional upon acceptance of its tax rental proposals, to assume full responsibility for pensions at 70, to share the cost of assistance for the needy at 65, to assume financial responsibility for assistance to unemployed employables, and to share the costs of health insurance. Specifically, it proposed a federal unemployment assistance program to care for those who had exhausted their unemployment insurance benefits at 85 per cent of the latter rates. This offer was rejected along with the tax rental proposals.

In the period 1951 to 1954 three "categorical" welfare programs were introduced - Old Age Assistance (OAS), Blind Persons' Allowances and Disabled Persons' Allowances - whereby the federal government offered to share at least 50 per cent(1) of provincial expenditures on allowances for residents who fell into the appropriate category (aged 65 to 69, legally blind, or totally and permanently disabled) and who passed the means test. The eligibility conditions for these three programs were tight and inflexible and were intended to assure the public that only "legitimately" needy and "deserving" poor people qualified; but they also meant that many equally needy poor were denied benefits, and they made for complicated administration. The fixed rates set for these allowances took no account of varying family needs, and the dollar-for-dollar reduction of the means test left no incentive for recipients to try to augment their incomes.

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(1) Seventy-five percent for blind persons.

With the rise in unemployment in the mid-fifties, pressure mounted on the federal government to provide relief for those who had exhausted their unemployment insurance benefits. A more orderly and effective way of helping the provinces cope with poverty than the former Relief Acts was called for, and so in 1956 the Unemployment Assistance Act was passed, retroactive to 1955, whereby provinces with agreements were reimbursed for half their expenditures on assistance to needy unemployed people, with no ceiling on individual benefits or federal expenditures. Until January 1958 payments for the first 0.45 per cent of the provincial population were not shared as they were considered non-employable; this feature was removed under pressure from Ontario, Alberta, and Nova Scotia. Until April 1966, payments for Mothers' Allowance recipients were not shared. Expenditures for health care or for provincial administration were not shared. Needy unemployed persons in "homes for special care" were eligible for assistance. One more "categorical" program was thus added to the welfare system.

Two important innovations of this program are worth noting. The means test (of income and assets) was replaced by a needs test which assessed the applicant's budgetary needs as well as income and assets, and gave assistance to fill the gap between needs and resources. The onus was on the province to assess needs realistically so that benefits would be adequate. The concept of residence was altered to mean residence in Canada. Provinces would no longer require a year of residence in the province for needy persons to become eligible, as long as they had lived in some province during the previous year. This was intended to eliminate the practice of transporting people out of the province rather than paying them assistance. This program was more comprehensive than any previous program; it was flexible and open-ended and gave provinces the incentive to be more generous. To be able to participate in this plan, Quebec for the first time introduced an assistance program for needy persons who were not in hospital. All provinces had signed agreements by 1959.

During this same period the Hospital Insurance and Diagnostic Services Act was passed in 1957, removing one of the major causes of poverty that had previously to be contended with - the burden of indebtedness incurred by hospital patients.

Preparatory Consultations

Even before all the provincial agreements under the Unemployment Assistance Act were signed, the Canadian Welfare Council (CWC) in its 1958 policy statement "Social Security for Canada", called for improvements in three areas of income maintenance - old age security, public assistance, and unemployment insurance. This statement was largely the work of Fred MacKinnon and Norm Cragg, the former a provincial Deputy Minister of Welfare and the latter a CWC staff member who later became the first Director of the Canada Assistance Plan.

The seventh recommendation in this statement reads as follows:

> "There should be a federal Public Assistance Act which would be, in effect, an extension of the Unemployment Assistance Act and which would enable the Dominion government to share the aggregate costs to a province, and to the municipalities in a province, of providing financial assistance to all persons who are in need. The Old Age Assistance Act, the Blind Persons' Allowances Act and the Disabled Persons' Allowances Act should be incorporated as specific sections of this general Public Assistance Act. The proposed Act should, under these sections, provide the provinces with the option of continuing old age assistance, blind persons' allowances and disabled persons' allowances as separate programs, or of incorporating these categories in a generalized public assistance program with the same provisions respecting the sharing of costs as in the Unemployment Assistance Act.
>
> The Act should also stipulate that:
>
> a. Length of residence shall not be a condition for the receipt of assistance.
>
> b. The proportion of cost carried by the Dominion government shall progressively increase as the total number of persons on public assistance in a province mounts beyond predetermined percentages of its population."

In effect, this recommendation became the blueprint for future federal-provincial discussions of the federal role in the assistance field.

From the time it was first created in 1962, the National Council of Welfare - consisting of the ten provincial Deputy Ministers of Welfare and ten representatives of welfare agencies or schools of social work, chaired by the federal Deputy Minister, and charged with advising the federal Minister on matters of national welfare concern - focused attention on the deficiencies of the Unemployment Assistance plan, and urged that its scope be expanded. Similar concerns were expressed by the Welfare Grants Review Committee, a small group of social work academics and professionals who met periodically to advise the department on the thrust of the National Welfare Grants program created in 1962. Quebec's Study Committee on Public Assistance, set up in December 1961 under the chairmanship of J. Emile Boucher, voiced many of the same concerns in interviews it held with federal officials in Ottawa in the spring of 1962.

It was clear from these consultations that most provinces wanted the restrictions and limitations of the Unemployment Assistance program removed. It did not cover needy persons eligible for mothers' allowance (i.e. single-parent families), children in need of assistance who were not in their own families, or fully employed people in need of income supplements. The costs of health care, child welfare, and other welfare services, could not be included in the calculation of the family's "expenditure needs". And it left support for the aged, blind and disabled to the categorical means-test programs with their fixed rates, income and asset ceilings and strict eligibility rules. In effect, what the provinces wanted was a stronger federal fiscal commitment to social welfare.

In June 1963 the Boucher Report recommended a General Social Assistance Act for Quebec, based on the principle that any individual in need is entitled to state assistance, regardless of the cause of need. Under it, financial assistance at home would be based on the budget method (i.e. needs test) and not on fixed rates. In addition welfare service should be provided to persons and families threatened with social dependency. These thrusts reflected the consultations the Committee had had with federal and other provincial officials. In addition, Boucher recommended the withdrawal of the federal government from joint social assistance programs, and the compensation of increased Quebec expenses through extension of the taxation fields. This proposal was given effect in 1965 in the adoption of the Established Programs (Interim Arrangements)

Act. Under this Act a province could agree to assume full responsibility for the administration and financing of specified shared-cost programs in exchange for a tax abatement of a specified percentage of federal provincial income tax on provincial residents, an equalization payment, and an operating cost adjustment.

In July 1963 at a federal-provincial First Ministers' conference where the proposed Canada Pension Plan (CPP) was first discussed, several provincial premiers noted the importance of joint federal-provincial action on behalf of all needy persons in Canada, in addition to the retired persons for whom the CPP was designed. At a September 1963 conference of Ministers responsible for pensions, the categorical programs and the possibility of broadening the application of the needs-test approach were discussed and a joint reexamination of the whole field of social assistance was called for by all ministers, in the hope of developing one general assistance program based on need, as a "safety-net" for those inadequately protected by the other social security programs.

When the premiers again met in November to discuss the CPP, they set up a federal-provincial working group to review the operations and terms of priority of all joint welfare programs and to report back on ways of improving them. This group of Deputy Ministers met in February 1964 to explore views as to the overemphasis on detail and the inflexibility of the existing cost-sharing agreements for welfare programs.

The Problem

The working group identified a number of concerns they had with the existing "categorical" programs:

1. The failure to share in mothers' allowance costs was inequitable since all but two provinces had merged this program with their assistance plans; different formulas had to be developed for each province to exclude the mothers' allowance category from the general program and these had not worked fairly. Several provinces urged the merger of all programs into one assistance cost-sharing plan, and all supported 50 per cent sharing on mothers' allowance.

2. The criterion of "unemployment" should be removed from the assistance plan so that partially or fully employed people with heavy family responsibilities could receive supplements; an incentive to return to low-paid work from the welfare rolls was needed.

3. The inequitable treatment of the costs of child care should be corrected. Children who were eligible for and receiving public assistance in their own right were excluded from the Unemployment Assistance program because they were not "unemployed". If they were in their own family homes they could be covered as part of the needy family, but if they were in foster homes or living with relatives who became needy because of their presence they were not eligible. The group concluded that all child welfare costs should be covered under a broadened assistance program.

4. Medical services and medications should be recognized as shareable expenditures of needy families until such time as health insurance relieved families of such costs. Non-insured health care costs were a legitimate item in a family's expenditure budget.

5. Income maintenance payments should not be overemphasized to the exclusion of rehabilitation and preventive services, which had the potential for reducing the welfare caseload. Assessment services, vocational rehabilitation, training, placement, and transportation, room and board associated with these should all be eligible for cost-sharing as they could lead to savings in future assistance costs.

6. Provinces urged that administration costs be shareable in order to make the new program effective, and to encourage provinces to initiate programs involving good welfare policy. Training and developing staff, extending coverage to a broader population, introducing innovations to the welfare field as well as counselling and determining eligibility of applicants were all essential parts of a soundly administered program in which the federal government would have a large stake. Quebec warned that any attempt to associate shared administration costs with qualitative standards would meet provincial resistance.

7. Concepts of community development were considered, and pilot projects were recommended, particularly in areas where employment opportunities were scarce, such as the Newfoundland outports and among the Indian population.

In discussing "work for relief" a distinction was made between punitive programs designed to punish those who wouldn't do menial work in exchange for assistance, or municipal efforts to get greater provincial sharing for municipal projects at low wages, and specialized work projects where unemployed persons worked on projects that helped themselves and their communities under direction and supervision that improved their skills and their motivation while awaiting other employment. Ontario, Quebec and Nova Scotia all spoke favourably about supporting such work activity projects.

The working group concluded that provinces should be given an option. Those who wished to encompass all their categorical programs in one large assistance plan for all needy persons should be allowed to do so under a broad general assistance act. Other provinces would have the option to carry on their categorical programs and eliminate them as experience allowed. (As it happened, a few provinces continued to operate these programs until well into the seventies).

The Solution

These proposals were reviewed at Ministerial conferences in May 1964, April 1965, and January 1966. The Government agreed in February 1965 to proceed with new legislation encompassing these features, and accepted Judy LaMarsh's proposed title for it, "the Canada Assistance Plan", to complement the Canada Pension Plan (CPP), then at third reading. In the same month Government agreed to proceed with the Medical Care Insurance Plan.

The bill enacting the Canada Assistance Plan (CAP) was assented to in July 1966, retroactive to 1 April 1966, and all ten provinces had signed agreements under Part I of this Act by August 1967. Mothers' allowance cases and child welfare cases were no longer excluded from eligibility, and welfare services that would prevent people from becoming needy and non-insured health services became shareable items of a family's expenditure budget. The costs of extending provincial welfare administration beyond the level available in the base year became shareable. The provisions in the

Unemployment Assistance Act for meeting a family's budgetary requirements (needs-testing), for supporting needy persons in homes for special care, and for prohibiting a provincial residence requirement was repeated in this Act. Among the innovations of this Act were the requirement that an effective appeals mechanism against decisions by program administrators on applications for assistance be provided within a year, and the provision that assistance could be used to supplement the incomes of fully-employed people (the working poor) and people already in receipt of benefits like old age pensioners. Other innovations were the extension of welfare services(1) to people "likely to become" poor and the offer to share in provincial administration costs.

The provisions of the Established Programs (Interim Arrangements) Act were extended to cover this Act, and Quebec was granted further federal income tax abatement to cover most of its annual entitlement to contributions under CAP. The establishment of actual rates of assistance and of eligibility conditions other than residence was once again left to provincial administrations.

Part II of the Act made special provision for sharing in the costs of assistance and welfare services provided by provinces or municipalities to Indians with reserve status. Part III made provision for sharing in the costs of work activity programs - sheltered work programs designed to increase a person's capacity to take advantage of employment-oriented programs, or to provide socially useful work for unemployable persons.

The Original Objectives(2)

In his 1969 confidential report on Social Security Programs, Dr. Joe Willard, the Deputy Minister of National Welfare, summarized the original objectives of the Canada Assistance Plan as follows:

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(1) Services whose object is the lessening, removal, or prevention of the causes and effects of poverty, child neglect, or dependence on public assistance - like day care, homemaker services, rehabilitation, counselling, community development, adoptions, referrals, etc.

(2) See Hansard, House of Commons Debates, April 1966, pp. 6407-6410, 6922-6925, 7198).

1. To support the provision of adequate amounts of assistance to persons in need.

2. To encourage the development and extension of welfare services (protective, preventive, rehabilitative and developmental) to help prevent and remove the causes of poverty and dependence.

3. To encourage the development of integrated, comprehensive, general assistance programs so that one program could meet the varying requirements of different groups of people.

4. To ensure access to assistance without provincial residence requirements.

5. To provide a framework for federal-provincial collaboration in developing more effective assistance and welfare programs across Canada.

6. To encourage the extension of provincial assistance and welfare services to Indians on the same basis as to the general population.

7. To support the efforts of provinces to prepare and motivate assistance recipients to take advantage of vocational rehabilitation, training and placement services designed to get them into full employment.

In view of the appeal provisions ot the Act, he might have added another objective whose importance was soon recognized - to promote recognition and protection of the rights of socially and economically disadvantaged Canadians.

The Context

It is useful to put the development of CAP into its proper context. It was one of five pieces of major federal social legislation enacted in the period 1964 to 1966. Youth Allowances in 1964 extended children's benefits to those aged 16 and 17 who were still at school. The Canada Pension Plan in 1965 provided workers and self-employed people with a contributory, earnings-related social insurance plan offering retirement, disability and survivor's benefits. The Guaranteed Income Supplement (GIS)in 1966 provided a 40 per cent supplement to old age pensioners with little or no other income. The Medical Care Insurance Plan of 1966 extended federal sharing to provincial health insurance plans covering physicians' services.

Those measures in turn formed part of the federal governments' "program for the full utilization of human resources and the elimination of poverty" popularly dubbed the War on Poverty, which included items like Agricultural Rural Development Act (ARDA), Area Development Agency (ADA), Fund for Rural Economic Development (FRED), the Company of Young Canadians (CYC) and Occupational Training Allowances as well as the social programs. (See page 39 of Hansard, April 6, 1965.) The United States had launched its own War on Poverty, and so had several European nations, sparked by the Paris Poverty Conference sponsored by UNESCO in February 1964. The civil rights riots in U.S. cities like Watts, Detroit and Rochester brough widespread public attention to the problem of poverty and precipitated demands for action to eliminate poverty. In major Canadian cities welfare rights organizations of welfare recipients with name slike the Just Society, Humans on Welfare, Unemployed Citizens' Welfare Improvement Council, Welfare Rights Movement, Community Action Group and No Other Way were created and demanded improvements in the welfare system. The National Film Board series "Challenge for Change" with such films as "Up Against the System" focused attention on defects in our anti-poverty programs. The Economic Council of Canada in its Fifth Annual Review in 1968 "The Challenge of Growth and Change", included a chapter on poverty which questioned why poverty was so widespread when billions of dollars were being spent on social security. It noted that about 25 per cent of the population of Canada in 1961 had family income below the Statistics Canada "low-income cut-off" or poverty level, and that by 1965, following vigorous economic expansion, this figure had fallen to 20 per cent.

The Canada Assistance Plan was launched in this atmosphere as one more shared-cost conditional grant program. However, there was considerable controversy over the place of shared-cost programs in a federal system. Some have maintained that federal leadership in promoting the health, welfare and social security of the people of Canada entitles the federal government to use its spending powers to persuade provinces to adopt programs in areas that are strictly under provincial jurisdiction. New programs for joint-federal action would be proposed, and those provinces that agreed to accept the conditions would get financial support; by channelling federal revenues into certain types of program, provincial disparities might be overcome.

Others have said that conditional grant programs are unacceptable in a federal state, since they imply that the Federal Cabinet knows better than any provincial cabinet what is right for the people in these fields that are under provincial jurisdictional. For the federal government to offer financial support to those provinces that agree with it, and deny it to those who do not, means that all Canadians are taxed to provide services that are available only in some parts of the country.

Because of this controversy, the government of the day decided that the CAP would be the last shared-cost program it would offer. The Medical Care Insurance plan was presented as a no-agreement, unconditional grant program to provinces that had programs designed in accordance with four or five broad principles. The Established Programs (Interim Arrangements) Act of 1965 went part way to removing some of the irritants of the conditional grant approach, by permitting provinces to obtain equivalent funds through transfer of tax points. And when the Social Service Act was presented in 1977 as a new shared-cost program to replace part of CAP, it was designed so that a province would get financial support whether or not it signed an agreement. It is therefore a strong indication of the provincial support for CAP that, despite the opposition of some to shared-cost programs, all provinces had signed agreements within 13 months of its proclamation.

Period of Re-examination 1966-72

No sooner had CAP been launched than the Minister of Finance proposed, in September 1966, that it be terminated. In a statement to the Tax Structure Committee, he offered to terminate it as of March 31, 1970, and to replace it with a combination of tax abatement, equalization payments and adjustment grants unrelated to program costs. It would be agreed that federal-provincial discussions on maintaining and improving program standards would be continued and federal consultative services would be available, and provinces experiencing net in-migration in any year would receive portability grants if they agreed to allow access to assistance and services without reference to residence. Quebec was the only province to indicate acceptability of this offer.

In August, 1968 one month before the Economic Council published its Fifth Annual review, which called for a re-examination of social programs for their effectiveness as anti-poverty programs, and suggested that the Senate might establish a committee to examine the problem of poverty, the federal Deputy Minister of Welfare analyzed the deficiencies of CAP.

These may be summarized as follows:

> provincial progress was slow in the development of welfare services to help prevent and remove the causes of poverty and dependence; at the same time both British Columbia and Alberta complained that their community-wide preventive services were not shareable under CAP, which required a needs test;
>
> the assistance program did not provide the protection Parliament had intended, because the provinces had not been persuaded to set rates at adequate levels although no upper limit had been placed on assistance rates for sharing purposes; the federal government was passive on the need for improved provincial rates as it would seem inconsistent to urge higher rates while proposing federal withdrawal from the Plan;
>
> the cost sharing formula did not relate contributions to regional needs, nor recognize the additional burdens of dependency that exist in lower income areas. The Atlantic provinces argued that CAP should provide a differential rate of federal contribution to compensate those provinces with special problems of dependency; they wanted contributions related to some index of provincial need, based on per capita personal income, labour force participation rates, and the relative level of unemployment. They noted that equalization payments were designed to equalize provincial revenues, but not expenditures. British Columbia wanted special portability grants to cover net in-migration of transients during their first year of residence;
>
> more effort was needed to avoid duplication between work activity projects and manpower training and employment projects, or overlapping with various income maintenance payments, and with community development projects under other regional development programs;

no agreements on Indian welfare had been signed under Part II; efforts should be made to resolve the jurisdictional questions raised by the provinces about responsibility for Indian health and welfare;

continuing difficulties were experienced in agreeing on a dividing line between mental patients in mental hospitals and ex-mental patients in homes for special care, and between institutions and clinics for mentally retarded children;

similar problems were encountered in distinquishing between child welfare services and correctional services for children, especially since some provinces cared for problem children in welfare institutions and others in correctional homes. The problem of defining "a child in care" has been a continuing one for CAP which specifically excludes sharing in the costs of health, education and correctional institutions. Consistent and equitable treatment of children in care is difficult when provinces have different philosophies as to the nature of the services they are providing. In Quebec children in need of protection were placed in child protection schools, or church orphanages; if these were educational institutions their costs were not shareable; and

greater efficiency and reduced costs might be achieved by the extension of welfare organization and management consultant services to provincial administration; new administration costs were made shareable to help strengthen provincial administration.

The complex nature of the CAP program was also noted in this assessment. Not only was it designed to support basic income maintenance for persons in need who were not covered by other programs, but it was also intended to supplement benefits provided under other programs (like CPP and OAS) that failed to meet a person's budgetary needs. By supporting welfare, rehabilitative and preventative services it was intended to increase the effectiveness or availability of other programs: e.g. homemaker and mobile meal services would benefit older persons receiving the Guaranteed Income Supplement, day care would facilitate entry into the labour force. The need for CAP assistance was expected to decline as increased unemployment insurance benefits and new CPP survivors' and disability benefits became payable. Similarly, when Medicare came in, the focus of CAP health expenditures shifted to non-insured services like drugs and dental and nursing care. On the other hand, CAP was used in place of VRDP (Vocational Rehabilitation of Disabled Persons Act, 1961) in some provinces, and job counselling and placement services for assistance recipients were given in others to compensate a deficiency in manpower services. Reliance on CAP supported services was also built into a number of the regional development agreements. In a short period of time, CAP had become an essential and interlocking feature of the whole social security structure of Canada.

At a conference of welfare ministers in January 1969, it was agreed to set up three federal-provincial task forces which would explore ways of improving and simplifying assistance programs, trends in the costs of various services and the factors affecting costs, and the extent of alienation among welfare recipients and the possibilities of improving their participation in the administration of welfare. These three task forces presented interim reports at the October 1969 Conference of Welfare Ministers and final reports at the January 1971 Conference. The group studying costs presented a trend analysis of past expenditures and an extensive proposal for a general statistical reporting system to overcome the lack of data it had encountered. The second group suggested several ways in which provincial administration could be streamlined, most notably the abandonment of the needs-test approach for a more impersonal income-test approach to determining eligibility. The group studying alienation surveyed 2,100 welfare recipients (see "The World of the Welfare Recipient", January 1971) and 10 welfare rights organizations, conducted laboratory experiments on the interaction between recipients and welfare workers, and 10 other studies, and made 15 recommendations - including reaffirmation and publicization of the right to assistance, separation of the payment and counselling functions, provision of work incentives, and creation of opportunities for welfare rights organizations to be involved in the process. The survey of recipients (family heads and individuals) revealed that in the summer of 1970, 41 per cent were on welfare because of permanent disability or illness, 26 per cent because of the absence of husband, 13 per cent because of unemployment, nine per cent because of old age and eight per cent because of temporary disability. As of March 1970 there were about 1.25 million people (5.8 per cent of the population) receiving social assistance in Canada, including about 500,000 family heads or single adults.

It should be noted that most of the recommendations of these three groups related to provincial, not federal, activities since the administration of assistance is provincial responsibility. However, the proposal to permit an income test in place of the needs test to simplify administration required a change in or reinterpretation of the Canada Assistance Plan.

The reform of unemployment insurance in 1970 had a significant impact on CAP by keeping people off assistance rolls and offering benefits at levels not requiring supplementation. (However, many of these reforms have since been reversed, causing upward pressures on CAP spending). In November 1970 the federal government published a White Paper on income security proposing to convert family allowances to an income-tested program, to raise the Guaranteed Income Supplement, and to improve the CPP. It rejected the Guaranteed Annual Income as a replacement for income security programs, and proposed experiments in Canada like those in the U.S. that were evaluating the guaranteed income approach. It proposed discussions with the provinces on the future of CAP with particular reference to:

1. The right of access to assistance.
2. Income exemptions as work incentives.
3. The adequacy of assistance levels in covering basic requirements.
4. Improved appeals machinery.
5. More effective communication with recipients and support for welfare rights groups.
6. Simplified administration and minimizing invasions of privacy.
7. A review of cost-sharing arrangements and the dividing lines between different kinds of institutional care and services.
8. Greater participation in work activity projects.
9. Use of an income test for day care and homemaker services, and improved accommodation, health and counselling for youth.
10. Greater coordination of welfare and manpower services, with priority for services to get people into employment.

The reference to guaranteed income experiments was followed up by an offer to share with provinces the cost of such studies. These would be patterned on the experiments in New Jersey, Gary, Iowa, and Seattle-Denver, and would explore the effects of a guaranteed income program on work incentives. Though several provinces expressed interest, in the end only Manitoba carried out such an experiment, concurrently with the social security review.

In discussing the nature of poverty, the White Paper noted that between 1965 and 1967 the percentage of families below the Statistics Canada low-income cut-off levels had fallen from 21.2 to 18.6 per cent. In subsequent years this percentage fell further to 17.4 in 1969, to 15.9 in 1971 and to 12.0 in 1973. This was a period of improvement in Unemployment Insurance benefits and OAS and GIS payments, as well as provincial social assistance rates. Nonetheless, federal CAP expenditures rose from $450 million in 1969-70 to $727 million in 1971-72 and to $825 million in 1973-74.

The White Paper focused on the needs of the "working poor", those families and individuals with insufficient earnings from work to meet their minimum requirements. This was reflected in the proposed income-tested program for families with children and the suggestion to build better work incentives into CAP to make it a more effective income supplement program for low-income workers.

During this same period (1969-71) much emphasis was place on constitutional reform, culminating in the Constitutional Conference of First Ministers in Victoria in June 1971. Many studies were launched on the distribution of powers between federal and provincial governments, including "Income Security and Social Services", a working paper published in 1969. It proposed that provincial legislatures have exclusive jurisdiction over social services, that Parliament have permanent powers in respect of retirement insurance, and that Parliament and the provincial legislatures have equal powers to make general income support payments to persons and concurrent powers in respect of public income insurance measures.

The report of Quebec's Commission of Inquiry on Health and Social Welfare published in January 1971 proposed a provincial General Social Allowances Program to replace social assistance, with two levels of income-tested benefits for people who could work and those who could not, to be shared under the terms of the CAP. The role of family allowances as an integral part of the provincial system was a hotly debated issue through most of 1971 as Quebec's proposals and the federal Family Income Security Program (FISP) proposals were not at first compatible. Through negotiation they became so. But Quebec's unrequited demands for paramountcy over all social security measures in June 1971 led to the rejection of the Victoria Charter for repatriation of the Constitution. On the federal side it was argued that members of Parliament would have little interest in voting funds for programs over which they had no control.

Meanwhile from mid-May the federal Minister worked with his colleagues for approval of amendments to CAP which would (a) provide a basis for supporting either needs, means or income-tested social allowances programs, (b) provide additional support for provinces with high unemployment rates, and (c) build in a control factor to limit federal contributions, especially for income-tested programs. The last item was later dropped as it was considered impossible to put a ceiling on the amount of poverty the federal government was willing to help alleviate. He discussed this proposal bilaterally with provincial Ministers and together at the June 1971 Welfare Ministers Conference, making it clear to them that if there was a successful resolution of the constitutional issues concerned with social policy at the Victoria Conference, CAP would be amended to provide compensation for programs that employ an income test. Provinces could set up guaranteed income plans and provide benefits to low-income workers and receive cost-sharing. With the failure of the Victoria Conference to reach agreement, there were no more federal-provincial welfare conferences until January 1973.

In 1971 the Senate Committee on Poverty published its report "Poverty in Canada", which among other things recommended a federal Guaranteed Annual Income (GAI) program for all Canadians who needed it, replacing all existing federal income-maintenance laws except CPP, Unemployment Insurance, Veteran's Allowances, and benefits for native peoples. It recommended also that the CAP be retained and updated "to serve as a vehicle for federal-provincial cooperation and cost-sharing in the delivery of social services", and to cover those not initially covered by GAI on a "needs basis".

Although a successful solution to the FISP problem had been negotiated with Quebec in late 1971, the revised FISP failed to receive Parliamentary approval in July 1972, and died when an election was called in August. In the absence of a federal-provincial forum for welfare ministers to discuss their concerns, the Quebec and New Brunswick ministers persuaded their provincial colleagues to convene in Victoria late in November 1972 at the first of many interprovincial welfare ministers' conferences. The two issues emphasized at this meeting were the integral importance of a strong family allowance programs to any provincial social welfare system, and the pressing need for a joint federal-provincial review of the whole social security system in Canada.

Joint Federal-Provincial Social Security Review 1973-78

In April 1973 the federal Minister issued a "Working Paper on Social Security in Canada" and called a federal-provincial conference of welfare ministers to discuss his proposals. It presented five strategies and 14 propositions for joint consideration. Three task forces of federal and provincial officials were set up to deal with these quesitons. The Working Paper focused on "those who can work" and the need for built-in work incentives in an income supplement program for them. For those who cannot work it proposed income support. Its sixth proposition was that:

"The incomes of those who are working but whose incomes are inadequate by reason of family size or by reason of the nature of their employment (low-paying self-employment or intermittent or partial employment) should be supplemented under a single, general income supplementation plan, with built-in work incentives."

Its seventh proposition was that:

"A guaranteed income should be available to people whose incomes are insufficient because they are unable or are not expected to work, namely the retired or disabled, single parent families, and people who are not presently employable by reason of a combination of factors such as age, lack of skills, or length of time out of the labour market."

Its ninth proposition was that:

"While income supplementation along the lines provided for in propositions six and seven would remove the great majority of people from social assistance as it now stands, a supplementary or "last resort" program would be required to meet special situations as they arose (as is now provided for under the Canada Assistance Plan)."

This last proposition reflected the initial view of the authors of the paper that the Canada Assistance Plan was a necessary evil, to be tolerated until it could be replaced. They believed that it gave the provinces a "blank cheque", and that a ceiling on the federal commitment was needed. This would be achieved by reducing CAP to a residual support or "last resort" plan, and replacing its main assistance thrust with a new guaranteed income or income support plan yet to be designed. The social services provided by CAP were dealt with in the Social and Employment Services Strategy (itself an afterthought when the absence of any reference to social services was noted) under propositions 10 and 11, which proposed that:

"The broad spectrum of social and unemployment services required to make the employment and income supplementation strategies fully effective and efficient should be extended and improved - training, counselling, placement, rehabilitation, special work situations, homemaker and child care services."

"The costs of special services including nursing home and child care, which cannot be met by the individual out of his/her income, including income supplementation, should be covered through special measures under the general social security system."

The Task Force on Income Maintenance focused for months on the proper design of the Income Supplement and Guaranteed Income (Income Support) programs; many meetings and interim reports dealt with work incentives, and definitions of incomes, of family, of accounting periods, in order to get more "rationality" into the assistance programs. To identify the target population, it developed also extensive statistics on the characteristics of those classed as "the working poor". But there was a lack of consensus as to whether the federal or provincial goverment would operate all or part of the program. A cost-sharing offer was made by the federal government in June 1976 for a two-tiered income support and supplementation plan. It was not enthusiastically received by the provinces, and was withdrawn in August 1977. Federal Task Force members then directed their efforts to salvage the principles and design features it contained by developing the federal Refundable Child Tax Credit which was legislated in 1978 for Family Allowance recipients with below average income, and by suggesting ways of improving CAP. These included the addition of work incentives, and the development of better guidelines to replace the Interim Guidelines adopted in 1975 to clarify the boundaries for cost-sharing, and to ensure consistency with the income support and supplementation proposals.

The Task Force on Social Services sought to achieve parity with the way in which health services are provided - some made available on a universal basis, some with user charges geared to income, some only on the recommendation of a professional counsellor. It emphasized the need to separate the provision of financial support from the provision of welfare services. It explored the nature of and the need for protective, rehabilitative, preventive, developmental and residential services, and recommended a new Social Services Act to finance welfare services provided by CAP and rehabilitative services provided by VRDP. Later, after a federal-provincial working group had spent a year developing an acceptable approach to the provision of residential services, they were removed and placed under the Established Programs Financing Act (EPF) of 1977, in response to the provinces' request for a consistent approach to the treatment of institutional care, from acute hospitals through to homes for the aged. The provinces generally agreed to the social services proposals in June 1975, and so the Social Services Act was developed. It received first reading in June 1977, but by then the EPF Act had caught provincial imagination. Some provinces began pressing for a similar block-financing approach for social services. Despite this, when the federal Minister announced in September 1977 his intention of adopting such an approach, the provincial ministers at their meeting in Edmonton that same month were "united in their rejection of the tactics used ... in making a unilateral proposal... without consultation with the provinces". After the March 1978 federal-provincial Conference of Welfare Ministers approved the concept in principle, in May 1978 the Social Services Financing Act was given first reading. However, the economic climate drastically changed during 1978, and in November of that year the Minister of Finance withdrew the offer to cost-share social services when no agreement could be reached on revising the terms of the EPF Act.

Early in the course of the review two issues of concern were raised by the provinces, one dealing with nursing homes, the other with day care. Manitoba and Ontario were both interested in developing universal programs for nursing home care as part of their hospital insurance system, yet they feared they would lose the 50 per cent cost-sharing currently provided under CAP for needy persons in nursing homes. The provinces argued that the requirements of CAP were forcing them to deviate from the kinds of social priorities they wished to pursue for their own people - that it was "distorting" provincial priorities. They were assured that no province would be worse off financially by introducing such universal programs. Eventually the Nursing Home Care Benefits Regulations were adopted whereby provinces could be reimbursed for the costs of nursing home care for patients who could pass the provincial assistance plan needs test if they had been required to do so - a sort of "shadow" needs test. As of January 1, 1974, agreements with Ontario, Manitoba and Alberta guaranteed payments to replace CAP revenues lost due to the operation of universal nursing home care programs.

British Columbia and Manitoba were moving toward universal day care programs for children of working mothers regardless of their need for assistance, and wanted CAP sharing to continue for such programs. CAP was sharing in the day care costs for low-income families, i.e. those "likely to become in need" if the service were not provided. But the definition of this concept was contentious, and several provinces argued that the income thresholds being used by the CAP administration to determine eligibility for subsidized day care were ridiculously low. At the end of 1973 new day care interim guidelines were worked out and agreed to by the provinces, to be followed until such time as the future nature of income supplementation and social services available as a result of the review had been determined. At that stage CAP was regarded as a program soon to be replaced by something much better. It was expected that under the Social Services Act, day care services would be available to all, with user fees set on a sliding-scale according to income.

Another contentious area was the question of young offenders; should they qualify as "children in care"? The Solicitor General was developing a Young Offenders Act, and many provinces were concerned that they would lose CAP sharing for children in correctional services operated by welfare authorities. On the other hand, Ontario and New Brunswick argued that they had children in care who were under the jurisdiction of correctional authorities and were unjustifiably being denied cost-sharing because of their philosophy of child care for young offenders. So in April 1974 payments to these two provinces were authorized to share in the cost of such services for young offenders under the Young Offenders Agreements. (It was not until July 1982 that the Solicitor General was successful in having the Juvenile Delinquents Act replaced by the Young Offenders Act, effective 2 April 1984. Youth transferred to provincial corrections jurisdiction are no longer covered by CAP. Those not yet transferred and still under the Juvenile Delinquents Act may be covered still under CAP for a year, when their situation must be reviewed. Youth under provincial child welfare authority are still covered under CAP.)

These three issues illustrate the nature of the "interface" problem that CAP has confronted since its inception. If health, educational, and correctional institution costs are not to be shared, where are the lines to be drawn? What part of a building is a health institution, and what part welfare? When is a school for handicapped children educational, and when is it welfare? Disputes about where such lines should be drawn led to the downfall of the Social Services Act in 1977, and generally made for a contentious atmosphere in federal-provincial relations as the Social Security Review came to a close amid the economic constraints of 1978. Provinces welcomed EPF in 1977 because it meant no more federal "nit-picking" over the eligibility for sharing of specific provincial expenditures. But they found that, when nursing homes and homes for special care were transferred from CAP to EPF, there still remained the need to draw lines between these types of accommodation and other specialized kinds of shelter for transients, assault victims, and so on. Although the nature of the lines had shifted, they still had to be drawn in new locations to delimit CAP's sharing responsibilities.

CAP's interface problems with EPF were found to be numerous:

1. Residential services for adults were no longer shareable, but children's residential services in adult residential care facilities were.

2. Are nurses in mental health programs to be regarded as providing services that are part of Extended Health Care (covered under EPF) or part of the rehabilitation service shareable under CAP?

3. The nature of the professional services involved determined whether the services being provided by a rehabilitation centre were social or medical.

4. CAP cost-sharing was available for adult day care services provided only to non-residents by institutions for adults.

5. Home care services are covered under EPF Extended Health Care, but meal services are shareable under CAP as long as they are provided to non-residents; residents temporarily out of an institution are not eligible.

6. Respite services (short-term admissions to relieve families caring for infirm relatives) are not shareable under CAP.

7. Community preventative services must be differentiated from home care and ambulatory services provided by community health and social service centres to determine what is shareable under CAP.

8. Family planning services when rendered by a physician or in a hospital are ineligible for CAP sharing.

Determining what is shareable is still CAP's major problem.

Period of Restraint 1978-1984

The problem of settling boundary questions for CAP sharing has generated a great deal of the federal-provincial friction that has been associated with this program. In its early years there seemed to be a high level of social content in joint discussions around CAP; until about 1976 there was a sense of utilizing government policy initiatives to solve the many problems of poverty faced by Canadians. In the last decade discussions have seemed to have a much lower level of social content: they have centred on negotiating additional expenditures to be shared to borderline provincial programs. As new provincial programs were developed, and old ones evolved, the federal cost-sharing rules seemed to the provinces unclear and ambiguous, and federal discretion seemed to be employed to thwart their plans for expansions.

During the period 1978 to the present, three major themes have dominated developments in the social assistance field. With the tremendous upsurge in unemployment rates, many more "unemployed employables" appeared on the welfare rolls, leading to renewed efforts to build work incentives into the assistance programs and to help recipients back into employment. The fiscal restraint announced in August 1978 reduced the federal funds available for social welfare items. And the acrimonious nature of federal-provincial negotiations on EPF amendments, the Canada Health Act, and the Charter of Rights in a repatriated Constitution created a very difficult atmosphere in which to conduct federal-provincial consultations on welfare issues.

The Social Security Review had emphasized the need to build work incentives into the design of income supplementation plans in order to ensure that low-income workers would not be worse off than those on assistance, and that assistance recipients could improve their incomes by working, even part time. When the Income Support and Supplementation offer was withdrawn in August 1977, efforts were increased to improve social assistance plans by building better work incentives into them. This could be done by modifying the benefit reduction rates for income from earnings, or by increasing the band of exempt earnings before benefits start to be reduced. At the November 1978 federal-provincial Welfare Ministers' Conference, the federal Minister agreed to find ways to improve CAP work incentives and to update other CAP guidelines. After much discussion and considerable provincial pressure, in July 1980 the federal authorities increased by 50 per cent the ceiling on earnings exemptions. The amounts allowed for work-related expenses and the liquid asset exemption levels were also substantially increased. The flat-rate exemption for aged and disabled beneficiaries has been regularly increased to keep pace with OAS/GIS levels. These guidelines had been introduced in May 1975 as temporary measures during the Review.

The needs test with its required examination of a family's budget and basic needs, as well as assets, income, and other resources, was another source of contention for some provinces. It was said to be demeaning for the applicant, and it made for higher costs of administration. Several provinces preferred a simple test of income and standard budgets for various family sizes. The CAP administration accepted the concept of a "pre-added" budget with rates for most items fixed in advance, but insisted that at least one item, shelter costs, be kept as a variable to be determined for each family. Where provincial programs shifted to a straight income test, the federal authorities insisted that the province either "carve out" those who did not qualify under the needs test, or apply a "shadow" needs test to identify those recipients who could qualify as "persons in need". The latter was used for nursing home care, and the former for family benefits for single mothers, guaranteed income for the disabled, and supplementary benefits for aged persons. "Carving out" meant that a needs test was applied first and if qualified, the applicant received shareable assistance payments; an income test was then applied and the applicant might receive a supplement to assistance, or full benefit if no assistance was payable. Not all provinces were prepared to accept this position. Ontario and Quebec were both strong advocates of the income test approach which they believed was more efficient and less demeaning. Although the federal government had approved this in 1971 as a "carrot" for constitutional reform, successive governments have since withstood pressure to amend CAP to include the income test approach as an option to the budget review approach, probably fearing the fiscal consequences.

During the Social Security Review much emphasis was placed on "work activity" projects (Part III of CAP) as part of the Employment Strategy. Some provinces developed model "community employment" projects in 1973 and 1974 to show how welfare recipients could be gainfully employed. Several provincial welfare departments developed their own placement services to find jobs for their clients. With the continued upsurge in unemployment in the 1980s, some provinces have reexamined the Work Activity concept in order to get cost-sharing for their job-readiness projects. The federal department had certain reservations about these projects. Evens though they were clearly designed to help people back into employment, it was feared that CAP was overlapping into Employment and Immigration Canada (EIC)'s area of jurisdiction - job creation and placement. Early in 1984 Quebec proposed certain pilot projects to run from April 1984 to August 1986 which would be added to the list of shareable programs under their CAP agreement, and this the federal government accepted.

Concerned with the phenomenal increase in the number of assistance recipients in 1982 and 1983, Quebec gave top priority to resolving the unemployment problem, but with little success. Its pilot project has promising possibilities, with its focus on those under 30 who cannot find or keep jobs. It is a five-pronged project, of which three prongs are potentially shareable under CAP - the completion of secondary education, work experience, and community service. (The other two prongs deal with wage subsidies and wage supplements.) Over the next two years it is to cost CAP $59 million. About 9,000 recipients are expected to participate in the "rattrapage scolaire" program to obtain a secondary school diploma in preparation for future employment. Perhaps 30,000 recipients would participate in the year-long work experience project - alternating study and work sessions to develop basic knowledge and skills, subsidized by training allowances paid by employers. The community service project, also for one year, would focus on the development of volunteers in local promotional and service organizations, and might involve about 10,000 recipients. Out of a total caseload of 400,000 recipients, 260,000 (65 per cent) of whom are employable, Quebec estimates there are 85,000 single persons under 30 without dependents. Close to 50,000 of these would be participating in the pilot project. Quebec's caseload is estimated to be about 42 per cent of the national caseload of 950,000. If the Quebec project is a success it may demonstrate to other provinces how they can help reduce their own welfare caseload by helping people to find employment.

The second theme of the period has been fiscal restraint. Following Tax Reform in 1971 and the Established Programs Financing Act of 1977, the federal share of tax revenues had been steadily declining, while provincial tax revenues were increasing. The implications of this trend for shared-cost programs must be obvious, especially where the receiving government has all the control over the amounts that are to be shared. The relative fiscal positions of the federal and provincial governments in 1985 are considerably different from those of 1965 when CAP was being developed. The fiscal imbalance of the 1980s has been a source of concern to the federal government and has given rise to successive attempts to cut back on federal CAP commitments.

Fiscal restraint was being felt as early as 1977 and no doubt contributed to the withdrawal that year of the offer to share in Income Support and Supplement plans. But it was formally announced in August 1978 and led immediately to program reductions and layoffs in the federal public service, including the abolition of 800 positions in Health and Welfare. The proposed Social Service Financing Act was an early victim of restraint, sacrificed when provinces would not agree to any cutbacks in the EPF arrangements. At the same time there were suggestions that a ceiling should be imposed on federal expenditures under CAP, which was expected to face increasing demands from the provinces for sharing in the costs of social services. At the end of 1978, it was being predicted that the social service component of CAP would continue to grow at the rate of 20 per cent, its average over the previous six years: Quebec was forecasting a 13 per cent growth rate, Alberta a 24 per cent rate, and Ontario was expected to have much expanded claims for child maintenance costs. The fear that provinces would increasingly use CAP as a fiscal instrument to improve their own incomes without improving their social programs led to consideration of terminating the CAP agreements and negotiating new arrangements that would ensure federal control over future federal expenditures on assistance.

In September 1978 three options were examined: vacating the field entirely and yielding the corresponding tax points to the provinces, block financing which would involve payment to each province of the same national per capita average regardless of its own assistance expenditures, or reducing below 50 per cent the percentage of provincial expenditures to be shared. In each case it would be the low-income provinces that were hardest hit. Any saving to the Federal Treasury would be realized at the expense of the poor, the disabled, the aged, single mothers with small children, and the long-term unemployed - since the poorer provinces would have to reduce rates of assistance or caseloads, and tighten eligibility rules in order to cut their spending. But the problems of backing out of a long-term federal commitment to social welfare seemed to outweigh the apparent advantages of capping federal expenditures on the relief of poverty. In any case, this approach was set aside after the 1979 election.

When the Social Services Financing Act was abandoned on November 9, 1978, the federal department had been asked to explore ways of limiting the increases in federal CAP contributions. This limitation was presumed to apply only to social services, not assistance, and it was proposed to the provinces that they limit growth in these areas to 11 per cent in 1979. The provincial reaction to this proposal was largely negative. By July 1980, provincial expenditures on social services had not increased nearly as much as had been anticipated. Nonetheless it was proposed that two central agencies (Minister of State, Social Development and Finance) review both EPF and CAP, and a Task Force was set up in September to develop a strategy for renegotiating CAP and identifying the appropriate division of social policy responsibilities between the federal and provincial governments. They were concerned by the growing fiscal imbalance, and by the lack of federal leverage in setting standards and in controlling costs. Federal transfer payments to provincial governments were seen as an area of significant potential savings; if they could be reduced, a better fiscal balance would be achieved, and federal efforts could be concentrated in areas of federal concern. Any changes, however, should not undermine the federal commitment to basic social programs. At the same time constitutional discussions were underway, and there were many doubts expressed about the appropriateness of the federal role in contributing to social services or assistance.

In preparing its contribution to the work of this Task Force, the Department of Health and Welfare made the assumptions that the federal government would continue to share responsibility for solving major social problems, but that it sought a more effective use of resources - perhaps by reallocating among target groups or types of services. If effective targeting were to continue, the federal authorities must maintain the principles that all people in need are entitled to assistance, with no requirement for prior residence, and that effective appeals machinery must be maintained. Some thought was given to cost-sharing percentages that varied among provinces, related to some measure of provincial needs and costs, such as the provincial personal income tax base, or relative per capita wage, unemployment and labour force participation rates. It was clear however, that unless more federal money could be allocated to the field, some provinces would get less, and their social programs would decline.

Early in 1981 a set of guiding principles had been developed by the Task Force for transfer payments in the social policy area - including the extent of federal constitutional responsibility for reducing poverty and improving the quality of life.

These principles are as follows:

1. Federal financial involvement by means of transfer payments to provinces for social programs that are under the general constitutional authority of the provinces, is based on a commitment by the federal government to ensure that Canadians share in the benefits and obligations of common nationhood,

have access to basic social services and through these programs strengthen their identification with Canada as a nation.

2. Federal financial support to the provinces for major social programs is to ensure the development and maintenance of fundamental national standards in these programs.
3. The federal government is committed to ensuring that the costs of provincial basic social programs which have major benefits outside the province are fully shared by all Canadians.
4. Federal involvement in the financing of provincial social programs brings a responsibility for a cooperative federal-provincial partnership in the development of policy.
5. Social programs supported by federal transfers should provide full portability of benefits and equality of access to all Canadians.
6. Funding agreements with the provinces should ensure the provision of adequate information for Parliament to evaluate the expenditure of federal funds.
7. Federal-provincial transfer payments arrangements must provide for full visibility of the federal role in the support of these programs.

The third theme that dominated this period were frictions in federal-provincial relations. The proposals to repatriate the Constitution with a new Charter of Rights and Freedoms, to amend the EPF Act which expired in 1982, and to replace Hospital and Medical Care Insurance with the new Canada Health Act, created a very difficult atmosphere in which to discuss anything with the provinces, especially CAP changes that might reduce the contributions they would receive. Nontheless discussions were held. At the time the Social Services Financing Act was withdrawn, two issues were left with the federal authorities to resolve - how to improve work incentives and update assistance guidelines (which was discussed previously), and how to simplify CAP's administration. In June 1980 the Chairman of the Interprovincial Conference of Welfare Ministers proposed that a co-chaired federal-provincial task force be set up to review administrative procedures and program guidelines for CAP. At issue was the potential sharing of new provincial assistance programs like the Saskatchewan Family Income Plan, and the Quebec Work Income Supplementation Plan, neither needs-tested. The provinces wanted the law changed, or the guidelines abolished. They wanted a completely pre-added budget (i.e. income-tested); they wanted various restrictions removed, like the "carving out" provision to identify those costs eligible for sharing, the provision that there be no prior residence requirement, and the provision that there be prior federal review and approval of each work activity project; and they wanted a simplified audit. In the federal view some of these issues could best be dealt with on a bilateral basis, while for others a multilateral review was appropriate - such as the interpretation of "likely to be in need", the "auspices" under which welfare services may be provided (e.g. health? corrections? education?), the use of sampling to determine shareable expenditure, and further exploration of work incentives.

Such a task force was set up in the fall of 1980 by the Federal-Provincial Ministers' Conference: the Task Force to Review CAP and VRDP. Its report in May 1981 identified those changes that the provinces wanted to permit them more flexibility in designing and operating their programs, including streamlined reporting systems, a revised audit process to eliminate duplication, reduced delays in finalizing claims, a more flexible evaluation system for work activity projects, better measures to maintain disabled persons in employment, relaxation of earnings exemption guidelines, and sharing in income-tested benefits for selected target groups.

Following this a Continuing Committee of Officials was set up in the fall of 1981 to explore these issues further. They met and considered joint audits, methods to alter the existing exemption guidelines, and the "likelihood of need" concept with more generous thresholds for income-testing cost-shared welfare services.

The Task Force also noted the implications for CAP of the Report of the Special Parliamentary Committee on the Disabled and the Handicapped ("Obstacles") published in February 1981, which had recommended a number of improvements in the provision of services for disabled persons.

The following year the Parliamentary Task Force on Federal-Provincial Fiscal Arrangements reported on CAP and EPF. The terms of reference of this Task Force called on it to examine CAP and the expenditures made under the EPF Act with a view to recommending a reduction in payments to the provinces. However, the Task Force recommended:

> the continuation of cost-sharing for social assistance (all members in favour) and social services (a majority in favour);
>
> increased spending on several program changes, including variable cost-sharing to recognize varying levels of need for social assistance payments in different provinces;
>
> no overall reduction in the fiscal commitment for programs now cost-shared under CAP;
>
> a review of the extent to which provinces are meeting program conditions and consultation with the provinces on more precise definitions; and
>
> strengthened requirements for statistical and financial information to improve understanding of the programs cost-shared under the Plan.

The Parliamentary Task Force made several observations, among which was the need to reduce interprovincial variations in per capita spending, and to encourage the development of national standards in social assistance (all members in favour) and services (a majority in favour).

Since CAP's creation in 1966 it has had a substantial effect on the level of provincial spending on social programs, especially on social services. No doubt the decision to share in the costs of increased provincial administration contributed to the growth of provincial and municipal welfare infrastructures as well.

The following tables have been presented in order to indicate the growth in assistance caseloads and expenditures in recent years. From these tables it may be noted that the number of beneficiaries, including dependents, has increased by 50 per cent between March 1974 and March 1983 - from 1,208,600 to 1,832,900 persons - with an increase of 22 per cent between 1982 and 1983. Since 1973 British Columbia's beneficiaries increased by 120 per cent; since

1974 the increase in Quebec was 70 per cent and in Alberta 62 per cent. However, part of this is due to a change in definition.

Between 1967-68 and 1982-83, social assistance expenditures rose from $450 million to $4 billion with close to a ten-fold increase in Quebec and an eight-fold increase in Ontario, reaching $1½ billion and $1 billion respectively. British Columbia and New Brunswick expenditures increased to fifteen and seventeen times their spending in 1967-68. Overall expenditures increased by 15 per cent in 1981-82 and by 28 per cent in 1982-83. These amounts are for assistance only. In addition, another $2,216 million was spent on social services under CAP in 1982-83, and $1,980 million in 1981-82, as compared with $737 million in 1974-75. Half these sums are reimbursed from the Federal Treasury under the Canada Assistance Plan.

By 1983 total expenditures on social assistance had risen to $4,940 million and on social services to $2,344 million.

Now in its twentieth year, the Canada Assistance Plan has clearly had a tremendous impact on the quality of life and well-being of millions of Canadians, in a period when widespread unemployment and rapid inflation were taking their toll in human misery and deprivation, thwarting the career plans of our youth and the contingency savings plans of older people. It has not achieved all that the provinces would like it to have done, but it has put billions of dollars of tax revenues into the hands of those whose need is greatest, and has helped finance services for disadvantaged children, disabled persons, and elderly people who have lost their independence. It has become part of the fabric of life in Canada.

CANADA ASSISTANCE PLAN, TOTAL FEDERAL-PROVINCIAL COST-SHARED PAYMENTS FOR GENERAL ASSISTANCE, BY PROVINCE AND FOR CANADA, FISCAL YEARS ENDING MARCH 31, 1966-67 TO 1982-83

$000

YEAR	NFLD	PEI	NS	NB	QUE	ONT	MAN	SASK	ALTA	BC	YUKON	NWT	CANADA
1982-83	79 101	22 619	117 938	170 197	1 485 742	1 047 065	95 297	132 217	367 420	636 138	2 901	8 434	4 165,074
1981-82	66 660	19 559	97 845	142 083	1 192 809	845 767	74 197	99 439	261 417	433 175	2 207	8 224	3 243 381
1980-81	66 461	16 007	82 364	126 328	1 046 788	737 677	68 652	87 973	178 714	385 941	464	8 637	2 806 005
1979-80	59 092	12 782	73 575	107 161	886 794	653 788	62 680	83 461	159 817	324 578	795	5 525	2 430 048
1978-79	53 748	11 222	65 742	104 788	780 316	605 934	62 160	76,030	152 508	260 242	888	5 418	2 178 996
1977-78	49 982	9 380	63 200	79 716	703 566	557 098	56 100	64 924	151 508	246 698	778	3 650	1 986 600
1976-77	49 700	8 390	54 702	106 036	625 524	494 906	52 894	70 256	130 364	211 972	482	3 104	1 808 330
1975-76	47 068	6 868	48 158	78 836	520 784	483 790	51 170	44 024	105 280	215 802	722	4 376	1 606 878
1974-75	45 846	5 722	39 798	55 644	427 826	411 706	46 524	42 106	89 856	203 878	482	6 462	1 374 850
1973-74	33 526	3 868	35 608	42 656	368 908	311 242	42 732	47 696	77 004	115 242	430	474	1 079 386
1972-73	40 024	3 758	27 686	34 756	367 380	280 468	45 668	40 202	80 336	106 564	364	0	1 027 206
1971-72	41 090	3 404	27 454	28 988	336 540	296 398	47 280	36 790	65 980	103 092	132	0	987 148
1970-71	35 328	3 182	20 338	22 056	236 446	232 624	41 574	29 650	61 056	99 622	256	0	782 132
1969-70	33 069	2 583	18 600	13 357	180 800	171 771	28 997	21 269	47 567	61 950	306	0	580 270
1968-69	35 191	2 033	12 920	12 805	168 250	155 184	20 164	19 249	40 945	55 160	0	0	521 900
1967-68	23 845	2 316	13 672	9 570	155 977	133 583	20 742	17 854	35 349	43 582	0	0	456 492
1966-67	0	0	897	0	0	13 862	0	6 231	0	0	0	0	20 991

SOURCE: "Social Security Statistics, Canada and Provinces", 1958/59 to 1982/83, HWC (March 1985).

NOTE: Total federal-provincial payments are calculated by doubling the federal amount paid each year to reflect the 50/50 cost-shared basis of the program.
The federal expenditure is the actual payment made to provinces for claims received each fiscal year.

CANADA ASSISTANCE PLAN, NUMBER OF BENEFICIARIES (INCLUDING DEPENDENTS) OF GENERAL ASSISTANCE, BY PROVINCE AND FOR CANADA, AS OF MARCH 31, 1971 TO 1983

YEAR	NFLD	PEI	NS	NB	QUE	ONT	MAN	SASK	ALTA	BC	YUKON	NWT	CANADA
1982-83	51 900	11 300	69 000	70 100[a]	675 800	471 200	55 900	59 700	130 600[a]	228 800[a]	1 300	7 300	1 832 900
1981-82	54 700	11 300	64 600	62 700	561 900	406 800	47 800	48 400	91 700	144 900	1 500	6 500	1 502 800
1980-81	50 400	10 100	62 400	67 400	532 900	389 800	46 900	43 800	78 100	128 000	1 200	7 400	1 418 400
1979-80	48 500	9 367	51 220	66 312	511 925	354 798	45 600	41 390	76 105	122 848	1 075	5 190	1 334 330
1978-79	39 312	8 480	50 055	65 040	478 277	382 224	47 596	42 130	80 823	146 940	6 303	0	1 347 180
1977-78	53 813	8 329	49 762	63 432	464 503	356 324	52 489	41 363	85 060	140 962	5 639	0	1 321 676
1976-77	52 424	8 685	55 932	67 130	457 053	338 909	55 251	38 807	86 464	162 000	5 329	0	1 327 984
1975-76	61 009	8 812	54 160	52 521	428 713	367 943	57 574	43 490	78 220	162 076	8 400	0	1 322 918
1974-75	63 127	8 401	52 358	55 604	416 558	336 415	56 616	45 332	77 970	162 349	5 711	0	1 280 441
1973-74	63 250	7 291	47 597	51 879	395 820	317 283	60 681	44 405	80 609	137 192	2 622	0	1 208 629
1972-73	70 912	7 238	52 864	58 575	406 452	307 880	70 427	56 728	85 456	103 989	892	0	1 221 413
1971-72	80 574	15 913	52 278	61 717	462 571	333 584	78 544	69 604	88 983	134 198	1 291	0	1 379 257
1970-71	91,852	10 552	45 593	65 756	489 073	364 046	75 763	68 338	93 960	154 851	280	0	1 460 064

SOURCE: "Social Security Statistics, Canada and Provinces", 1958/59 to 1982/83. HWC, March 1985.

NOTES: (a) Definition changed from previous years.

Appendix 4

SYNOPSIS OF INTERVIEW NOTES
(By Type and Location)

This synopsis is based upon the interview notes from all provincial/territorial and NGO visits. These have been condensed and grouped by type of subject as follows:

a. General appreciation
b. Inter-agency relations
c. Policy issues
d. Administrative issues
e. Inter-agency coordination
f. Other issues

Note NCR = NGOs present in the National Capital Region

A. General Appreciation	NWT	YK	BC	ALTA	SASK	MAN	ONT	QUE	NB	NS	PEI	NFLD	NCR
1. CAP is an important and effective statute.	X	X	X	X	X	X	X	X	X	X	X	X	X
2. Don't tamper with the Act.	X	X	X	X	X	X	X	X	X	X	X	X	
3. Evolution of needs requires changes in CAP's policy interpretations, guidelines and administration.	X	X	X	X	X	X	X	X	X	X	X	X	X
4. Some changes needed in CAP regulations.	X	X	X	X	X	X	X		X		X		
5. CAP is a "partnership" with the provinces.			X	X	X	X	X		X	X		X	X
6. CAP is the program of "last resort", (i.e. the program which meets the needs of people who are not assisted by other programs).	X	X	X	X	X	X	X	X	X	X	X	X	X
7. CAP helps to expand and develop services and improve staff qualifications.		X	X	X	X	X	X	X	X	X	X	X	X
8. CAP needs to adapt to evolving social problems and streamlining of services.	X		X	X	X	X	X	X	X	X	X	X	X
9. Assistance rates were increased with the introduction of CAP but haven't kept up with the cost of living. (Needy are less well off than they were in the early 70's.)		X	X	X	X	X	X	X	X	X	X	X	X

A. General Appreciation (cont'd)

	NWT	YK	BC	ALTA	SASK	MAN	ONT	QUE	NB	NS	PEI	NFLD	NCR
10. Concern that the safety net is failing. Greater gap between assistance paid and poverty line. Increasing number of food banks. (NGOs)			X	X	X	X	X	X	X	X	X	X	X
11. Provincial use of CAP is restricted by availability of provincial revenues as well as CAP requirements. Also provincial program decisions are first made on the basis of provincial priorities (ie. not on the availability of CAP funds).	X	X	X	X	X	X	X		X	X	X	X	
12. Concern re: the effect of federal initiatives on provincial programs (eg. short-term funding projects (EIC, Secretary of State) which then become the responsibility of the provinces). Also, the effect of changes in UI, OAS/GIS, FA, EPF and YOA.	X		X				X		X	X			
13. Desire for differential cost-sharing for poorer provinces.								X	X	X	X	X	X
14. Concern re: the off-setting effect of "formula funding" on territorial initiatives.	X	X											

	NWT	YK	BC	ALTA	SASK	MAN	ONT	QUE	NB	NS	PEI	NFLD	NCR
B. Inter-Agency Relations													
1. Federal-provincial relations were strained in past. (Slight improvement lately.)	X	X	X	X	X	X	X	X	X	X	X	X	X
2. Access to information is difficult for provinces and NGOs. (NGOs feel CAP is secretive.)	X	X	X	X	X	X	X	X	X	X	X	X	X
3. Desire for direct access to CAP by NGOs and municipalities.			X	X		X	X	X	X	X	X	X	X
4. CAP deals bilaterally and doesn't share information equally with all provinces; some provinces are treated better than others.									X	X			
5. Need more frequent federal-provincial meetings.					X	X							
6. Need a better mechanism for federal-provincial communication.						X		X					
C. Policy Issues													
1. Provinces feel that CAP's inflexibility severely limits their initiatives to assist unemployed employables.		X	X		X	X	X	X	X	X	X	X	
2. CAP is not the program to handle massive unemployment; was not intended to be. (NGOs).			X	X	X	X	X	X	X	X	X	X	X

C. Policy Issues (Cont'd)

	NWT	YK	BC	ALTA	SASK	MAN	ONT	QUE	NB	NS	PEI	NFLD	NCR
3. Better "bridging" and transition programs needed; work disincentives built into system.			X	X		X		X		X			X
4. Employables are a large and growing percentage of the caseload (ie. increasing with unemployment.)		X	X	X	X		X	X	X	X	X		
5. Employables include a large number of young people (many of whom have never had a job) and single parents.					X			X	X	X		X	
6. The longer recipients stay on welfare, the harder it is to get off.			X	X			X	X					
7. "Make work" not seen as a desirable situation. Need to find long-term jobs for employables.			X						X	X			
8. CAP should share in more preventive programs.	X	X	X	X	X	X	X	X	X	X	X	X	X
9. CAP should not require a stringent needs test for some groups (eg. battered women.)		X	X	X	X	X	X	X	X	X	X	X	X
10. Many provinces want CAP to share in comercially-delivered welfare services (eg. day care).		X	X	X			X		X	X	X	X	

C. Policy Issues (cont'd)	NWT	YK	BC	ALTA	SASK	MAN	ONT	QUE	NB	NS	PEI	NFLD	NCR
11. NGOs expressed concern re: major provincial changes (such as privatization) either in principle or because there were no plans for transition or removing service gaps.			X	X							X	X	X
12. CAP should be more flexible in sharing provincial programs to de-institutionalize services (more community or home-based services for the aged, disabled and children.)			X		X	X	X		X	X	X	X	
13. Day care should be extended or made universal. (NGOs)			X			X				X	X		X
14. Concern re: services to natives.			X	X	X	X		X					X
15. Housing is a major problem - shortage and cost.	X									X			
16. Provinces would welcome an experimental program dealing with the employables.				X	X								
17. CAP should do more to help the working poor.			X				X						
D. Administrative Issues													
1. CAP admin. is inflexible.	X	X	X	X	X	X	X	X	X	X	X	X	
2. It is complex.	X	X	X	X	X	X	X	X	X		X	X	
3. It is slow.	X		X	X	X	X	X	X	X	X	X		

D. Administrative Issues (cont'd)	NWT	YK	BC	ALTA	SASK	MAN	ONT	QUE	NB	NS	PEI	NFLD	NCR
4. Administration is a major irritant, a series of small wars.			X	X	X	X	X	X	X	X			
5. CAP is inconsistent.		X						X		X			
6. Many overpayments occur because of delays in UI and administrative complexity.	X								X			X	
7. Abuse by clients is not widespread.	X							X		X			
8. Provinces desire greater input in the policy guidelines.			X			X			X				
9. Forecasting/cost control not seen to be major problems.			X	X			X					X	
10. Need for a consolidated policy manual.									X		X		
E. Inter-Agency Coordination													
1. Lack of coordination between CAP and EIC is a major obstacle in dealing effectively with the "unemployed employables" question. Results in confusion.		X	X	X	X	X	X	X	X	X	X	X	X
2. EIC training and job opportunity programs are not seen to meet the needs of CAP clients.			X	X	X	X			X		X		X

	NWT	YK	BC	ALTA	SASK	MAN	ONT	QUE	NB	NS	PEI	NFLD	NCR
E. Inter-Agency Coordination (cont'd)													
3. The effect of EPF on CAP admin. is a significant problem.								X	X		X		
4. The effect of the Young Offenders Act on CAP is a big problem.				X			X	X					
F. Other Issues													
1. Concern that the objective of the Task Force is to cut CAP.	X	X	X	X	X	X	X	X	X	X	X	X	X
2. Use tax system to obtain funds rather than CAP. (NGOs)			X	X		X		X	X	X	X	X	X
3. Major changes should only be made after in-depth review and consultation.			X				X		X			X	X
4. Copies of the Task Force report should be shared with provinces for review and comment.				X	X								
5. Need for national standards and federal monitoring (NGOs.)			X	X		X	X	X	X	X	X	X	X
6. Lack of national data collection on CAP.			X	X		X				X		X	X
7. More support and recognition of voluntarism as a viable partner in service delivery.			X						X			X	X

Appendix 5

SECONDARY OPTIONS FOR IMPROVEMENT

CAP has been periodically reviewed by federal-provincial and inter-provincial committees. Recent major examinations include:

- The "Murphy - Junk" Task Force report of May 1981.
- The "Byrne - Kuropatwa" review of December 1981.
- Three reports prepared by the Continuing Committee of Officials, presented in March and October 1983 and October 1984.
- A "compendium" of provincial issues presented to the government of Canada by Ontario in January 1985, on behalf of all provinces and territories.

These reviews have raised a common core of concerns. This study team did not wish to duplicate this work which focuses largely on technical issues. On the other hand, failure to resolve some of these items is harming federal-provincial relations and program efficiency.

Therefore, these reports were examined in the light of the study team's consultations with the provinces. This produced a list of nine options for the improvement of CAP. These are:

1. Cost-sharing under CAP should be extended to "for-profit" day care centres and other social services.

2. CAP regulations should be changed so that ceilings upon "special need" items treated in determining income assistance be raised from $500 to $5,000. Likewise, ceilings for grants to day care centres should rise from $1,000 to $10,000. This would adjust for inflation since 1967 and greatly reduce unnecessary approvals paperwork.

3. Make a determined effort to eliminate backlogs of listings submissions and the related claims settlements at Health and Welfare Canada.

4. Create, maintain and make available an up-to-date directives manual for use as between the federal and provincial/ territorial governments. Also

create one for use as between the provinces/ territories and NGOs. An abbreviated version of this should be used for public relations purposes.

5. Clear up the confusion which now exists regarding boundary problems of the federal government re funding under the Young Offenders Act (YOA), Established Programs Financing (EPF) and CAP.

6. For very small cost items considered in funding decisions, ease interpretations to increase approvals if possible.

7. Strengthen consultative mechanisms to ensure follow-up upon decisions reached at federal/provincial meetings.

8. Reduce, eliminate, or administer post-facto needs testing in crisis situations (i.e. battered women arriving at transition homes).

9. Develop simpler administrative arrangements for smaller agencies plus more flexible cost-sharing provisions with respect to community-based services. This is not expected to require a change in the CAP Act.

In the main, the foregoing would render a maximal decrease in currently experienced irritations with a minimal increase in CAP costs. Lead responsibility for implementation, in the event of acceptance, would rest with the Minister of Health and Welfare Canada.